ALGOMA CENTRAL CORPORATION ANNUAL INFORMATION FORM

For The Year Ended December 31, 2018

In this Annual Information Form, all dollar amounts quoted are in Canadian dollars and in thousands, except for per share data, unless otherwise noted. This Annual Information Form is presented as at March 6, 2019.

Copies of the Annual Information Form, as well as copies of the Company's 2018 Annual Report and Management Information Circular, may be obtained at www.algonet.com/investor-relations and on SEDAR at 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 in note 4 of 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.

Inter-corporate 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 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
Algoma Management Services Ltd.	Bermuda	100%	N/A
Algoma Ship Tech Ltd.	Canada	100%	N/A
Algoma Chartering Ltd.	Bermuda	100%	N/A
Joint Ventures			
Marbulk Canada Inc.	Canada	50%	N/A
NovaAlgoma Cement Carriers Limited	Bermuda	50%	N/A
NovaAlgoma Short Sea Holding Limited	Bermuda	50%	N/A
NovaAlgoma Bulk Holdings Limited	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 and a 50% interest in NovaAlgoma, which includes a diversified portfolio of dry-bulk fleets operating internationally.

In addition to its owned vessels, the Company provides operational management for three vessels; one owned by G3 Canada Limited and the other two by NovaAlgoma Cement Carriers ("NACC"), a related party.

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, 2018 of $1,111,893 and 2018 revenues of $508,201

The Company reports the results of its operations for six 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. Algoma's 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 seven 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. Algoma Shipping Ltd. ("ASL"), a wholly owned subsidiary of the Company, owns five ocean self-unloading vessels. The ASL ocean self-unloaders are part of an 18 vessel fleet that form the CSL International ("CSLI") Commercial Pool (the "Pool"). Marbulk Canada Inc. ("MCI") is jointly owned by the Company and CSL Group Inc. and owns one ocean self-unloader that is chartered by a third party in Asia. A second MCI-owned self-unloader is jointly owned with Bernhard Schulte and operates under a long-term time charter in Europe. Subsequent to year end Algoma entered into an agreement to acquire the interest held by Oldendorff Carriers GMBH & Co. in the Pool, including three vessels owned by Oldendorff operating in the Pool.

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 projects. NovaAlgoma Short Sea Carriers ("NASC") manages a short sea mini bulker fleet that comprises owned ships, chartered vessels, and vessels under third party management contracts. The NASC fleet supports the agricultural, cement, construction, energy and steel industries worldwide. NovaAlgoma Bulk Holdings (NABH) comprises four deep-sea bulkers operating internationally. All NovaAlgoma entities are accounted for using the equity method.

The Investment Properties segment consists of a shopping centre and an apartment building located in Sault Ste. Marie, Ontario.

The Corporate segment consists of head office expenditures, third party management services and other administrative expenses of the Company.

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:

2016

On January 20, 2016, the Company announced that it had entered into a joint venture agreement with Nova Marine Holdings SA of Luxembourg ("Nova") to create a specialized global fleet of cement carriers to support infrastructure projects worldwide. Algoma owns 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 then owned by Nova and comprising three pneumatic cement carriers in operation and two vessels that were under construction. The initial investment in the joint venture was completed for total consideration of U.S. $22,914.

In January 2016, the Company purchased 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 construction instalments, made on certain cancelled shipbuilding contracts, 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 real estate 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, named NovaAlgoma Short Sea Carriers. In 2017, NASC consisted of an owned fleet of 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 the 2016 year end, Algoma invested a total consideration of U.S. $38,195 in NASC to acquire interest in the 15 vessels, and in the commercial platform.

In 2017, NACC added 4 vessels to its fleet bringing the total owned fleet to 10, including one vessel, the *NACC Quebec*, which began operations in Canada.

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 also acquired the *Algoma Conveyor,* the first and only Equinox self-unloader partially built by the Nangtong Mingde shipyard, at auction in September, 2017. Construction of this vessel was completed in early 2019, following which the Company took delivery.

In November, 2017 Algoma announced that its Board of Directors had authorized a substantial issuer bid. Algoma offered to purchase for cancellation up to $20,000 of its common shares (the "Shares") from Shareholders for cash. The offer represented up to 1,454,545 Shares or approximately 3.7% of the Company's total issued and outstanding Shares. As of December 19, 2017 Algoma had taken up and paid for 361,418 Shares at a price of $14.75 per Share.

In December, 2017 Algoma announced an agreement with American Steamship Company to acquire two river-class vessels and two larger steamships. 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, The *Algoma Compass* and the *Algoma Buffalo* joined the domestic fleet in early 2018.

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

2018

On January 24, 2018 the Toronto Stock Exchange ("TSX") accepted the Company's notice of intention to proceed with a normal course issuer bid (NCIB). On March 22, 2018 Algoma entered into a automatic share purchase plan with a designated broker to allow for the purchase of its Common Shares under the NCIB at times when Algoma normally would not be active in the market due to applicable regulatory restrictions or internal trading black-out periods.

In domestic operations, Algoma took delivery of two new Equinox Class vessels in the first quarter, The *Algoma Sault* and the *Algoma Innovator,* both vessels began operations at the start of the 2018 navigation season.

In October, 2018 Algoma announced that it had cancelled its remaining four new build construction contracts with a Croation shipyard ("the Yard"). The notices were sent after the Yard failed to secure refinancing and the Company had no assurance that they would be able to complete the four vessels. Subsequent to year end, Algoma received a full refund of all instalment payments, including interest, in connection with the cancelled shipbuilding contracts.

In November, 2018 Algoma Tankers Limited ("ATL") purchased a 2008-built product tanker which became the seventh tanker within the ATL fleet. The vessel was re-named the *Algonorth* and began operations at the end of the fourth quarter.

In June, 2018 NACC acquired a 25% ownership interest in JT Cement, joining KGJ Cement Holdings AS and Erik Thun AB of Sweden in the cement company, which owns a fleet of seven smaller specialized pneumatic cement carriers. Also in 2018, NACC added six vessels to operations, one of which began operating in Canada.

In September, 2018 NASC and Peter Döhle Schiffahrts-KG, announced the creation of DNA Shipping, a commercial agreement to pursue consolidation and growth within the multi-purpose project vessel (MPP) and 13,500 to 15,000 mini-grabber dry-bulk markets.

Subsequent to year end Algoma entered into an agreement to acquire the interest held by Oldendorff Carriers GMBH & Co. in the CLSI Pool, including three vessels operating in the Pool and entered into an agreement to acquire a 2010-built product tanker.

Safety and Environmental Matters

The Company's Environmental Protection Policy stipulates the principles to which Algoma Central Corporation and its subsidiaries will adhere and the environmental commitment of the Board of Directors and Corporate Officers. The environmental management system 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 Company strives to be a leader in safety and environmental management, and is committed to, the prevention of human injury and loss of life, the protection of the environment and the protection of property.

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

The Company publishes a Sustainability Report that highlights its sustainability initiatives and achievements. The most recent update was published in 2018 and provides an update on the Company's 2017 sustainability performance, highlighting safety, operations excellence, environment and community. The 2017 Sustainability update is available for viewing on the Company's website.

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 regulatory requirements 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 self-assess 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 self-assessment results are 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 closed-loop 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 negligible amount of SOx into the environment and reduce particulate matters.

In 2018 Algoma joined the Marine Mammal Observation Network to provide observation data on whales encountered during trips in the lower St. Lawrence River and the Gulf of St. Lawrence.

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 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 three specialized global fleets; a fleet of cement carriers, a fleet of short sea mini bulkers and a fleet of deep-sea bulkers.

In addition to these principal businesses, the Company owns investment properties comprising a shopping centre and an apartment building located in Ontario.

Revenues

Revenue from continuing operations by industry segment for the two years ending December 31, 2018 and 2017 are as follows:

	2018	2017
Domestic Dry-Bulk	**$ 297,662**	$ 278,265
Product Tankers	**106,271**	86,274
Ocean Self-Unloaders	**90,277**	74,912
Global Short Sea	**—**	—
Corporate	**2,878**	1,897
Investment Properties	**11,113**	11,599
	$ 508,201	$ 452,947

Sales outside of Canada, primarily to the United States, relate to vessel operations and are based on the location at which a shipment is unloaded. For the years ended December 31, 2018 and 2017, sales outside of Canada were $139,556 and $118,687, respectively.

The Company had two customers in 2018 and two customers in 2017 whose revenues exceeded 10% of consolidated revenues. Sales to these customers are as follows:

	2018	2017
Domestic Dry-Bulk	**$ 102,662**	$ 93,155
Product Tankers	**$ 93,169**	$ 84,713

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 less 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, 2018 and 2017 was $174,824 and $169,098 respectively.

The Company’s share of revenues in foreign jurisdictions for the years ended December 31, 2018 and 2017 were $90,277 and $74,912, 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 an office in Hamilton, Bermuda.
- The Global Short Sea Shipping segment is based in Lugano, Switzerland and has offices in Hamilton, Bermuda, Fort Lauderdale, Florida and St. Catharines, Ontario.
- The Company has corporate and support offices located in St. Catharines, Ontario and Fort Lauderdale, Florida.

Financing

There were no changes to the Company's sources of financing in 2018.

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. Two of these agreements expire on July 31, 2021 and four other agreements expires on May 31, 2023.

Unlicensed Employees

There are three unlicensed bargaining units for 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 employee bargaining unit.

The collective bargaining agreement with one bargaining unit of the SIU expired on July 31, 2018 and bargaining is currently underway. The second collective bargaining agreement with the SIU expires on May 31, 2023.
The collective agreement with Unifor expires on March 31, 2023.

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, 2019.

4. RISKS AND UNCERTAINTIES TO THE COMPANY

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, competitors, or other entities operating in the marine industry is a growing challenge. The limited number of cadet berths is also a factor that needs to be addressed by the marine industry as a whole. A lack of properly skilled shipboard employees could lead to service delays and interruptions as the ability of the Company to fully utilize its domestic vessels could be affected. 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 negotiates in good faith to avoid 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 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 cargoes. 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. Over the course of 2018 two new Equinox Class vessels were delivered and four shipbuilding contracts were cancelled. The Company has one remaining shipyard commitment totaling for the construction of one Equinox Class self-unloader. The payment of $18,435 and ($14,000 US) will take place in early 2019. Delivery of this vessel occurred in 2019. The Company 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.

Capital Expenditures

Capital expenditures and other costs necessary to operate and maintain Algoma's vessels tend to increase with the age of each vessel. Accordingly, it is likely that the operating costs of Algoma's older vessels will increase. In addition, changes in government regulations, safety or other equipment standards, as well as compliance with standards imposed by maritime self-regulatory organizations and customer requirements or competition, may require the Company to make additional expenditures.

In order to satisfy any such requirement, Algoma may be required to incur significant costs for alterations to its fleet or the addition of new equipment. In order to satisfy any such requirement, Algoma may be required to take its vessels out of service for extended periods of time, with corresponding losses of revenues. In the future, market conditions may not justify these expenditures or enable Algoma to operate its older vessels profitably during the remainder of their anticipated economic lives.

Business Acquisitions

Future acquisitions of vessels or businesses by Algoma would subject the Company to additional business, operating and industry risks, the impact of which cannot presently be evaluated and could adversely impact Algoma's capital structure. Algoma intends to pursue acquisition opportunities in an effort to diversify its investments and/or grow its business. While Algoma is not presently committed to any business acquisition, the Company may be actively pursuing one or more potential acquisition opportunities.

Future acquisitions may be of individual or groups of vessels or of businesses operating in the shipping or other industries. Algoma is not limited to any particular marine industry or type of business that it may acquire. Accordingly, there is not current basis for you to evaluate possible merits or risks of the particular business or assets that Algoma may acquire, or of the industry in which any such business may operate. To the extent the Company acquires an operating business, we may be affected by numerous risks inherent in the acquired business's operations.

In addition, the financing of any acquisition completed by Algoma could adversely impact Algoma's capital structure as any such financing could include the issuance of additional equity securities and/or the borrowing of additional funds. The issuance of additional equity securities may significantly reduce the equity interest of existing stockholders and/or adversely affect prevailing market prices for the Company's common stock. Increasing Algoma's indebtedness could increase the risk of a default that would entitle the holder to declare all of such indebtedness due and payable and/or to seize any collateral securing the indebtedness. In addition, default under one debt instrument could in turn permit lenders under other debt instruments to declare borrowings outstanding under those other instruments to be due and payable pursuant to cross default clauses. Accordingly, the financing of future acquisitions could adversely impact our capital structure and your equity interest in Algoma. Except as required by law or the rules of any securities exchange on which our securities might be listed at the time we seek to consummate an acquisition, you will not be asked to vote on any proposed acquisition.

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, increase the cost of certain inputs 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 condition 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 (GHGs) 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 fleets continue 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 closed-loop exhaust gas scrubbers designed to meet the stringent ECA SOx limits. Vessels equipped with scrubbers are able to meet emission standards while burning high sulphur fuels. The availability of high sulphur fuels may be impacted by future demand for this fuel or environmental regulatory. The Company’s other vessels are capable of using lower sulphur fuels to satisfy air emission rules, such as the upcoming 2020 global fuel sulphur cap, although the cost and availability of low sulphur fuels may present a risk. In addition there is no certainty the full cost of such fuels or cost related to converting to such fuels can be recovered from customers.

Mandatory energy efficiency plans and 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 and will impose a fuel surcharge in provinces without carbon pricing plans, such as Ontario and New Brunswick, in 2019. There is also the potential for mandatory GHG reduction targets or global 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. The proposed federal carbon-tax is not well designed to address the operating realities of marine transportation and the impact on costs or if such costs can be recovered from customers is currently unclear.

Canada is a signatory to the IMO Ballast Water Convention. The Canadian government is currently developing amendments to its ballast water regulations to implement the international ballast water discharge standard for Canadian waters. These requirements, already in place in the United States, will require installation of ballast water treatment systems on the Company's vessels 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 for these vessels presents an economic and regulatory risk to the Company. Installation of treatment systems on the Company's other (non-Great Lakes) vessels will have an impact on operating costs.

Regulatory

A change in governmental policy could impact the ability to transport certain cargoes or increase the cost of doing so. 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 period and rising or changing 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. Lower water levels can impact cargo sizes by reducing available draft while high water levels can limit access in certain waterways by restricting clearance above a ship.

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 2018, all five Great Lakes were well above their long term water level averages. This trend is expected to continue into the 2019 season with normal water outflows in the critical navigation channels, including the seaway.

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 changing water levels.

The expectation is that climate change could result in more extreme weather events in the futures, which could include increased frequency and severity 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 shipping 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.

Nature of the Shipping Industry

The cyclical nature of the Great Lakes dry-bulk shipping industry may lead to decreases in shipping rates, which may reduce Algoma's revenue and earnings. The shipping business, including the dry-bulk market, has been cyclical in varying degrees, experiencing fluctuations in charter rates, profitability and volumes shipped. Algoma anticipates that the future demand for the Company's vessels and freight revenues will be dependent upon continued demand for commodities, economic growth in the United States and Canada, seasonal and regional changes in demand, and changes to the capacity of the Great Lakes fleet which cannot be predicted. Adverse economic, political, social or other developments could decrease demand and growth in the shipping industry and thereby reduce revenue and earnings.

Fluctuations, and the demand for vessels, in general, have been influenced by, among other factors:

- global and regional economic conditions;
- developments in international and Great Lakes trade;
- changes in seaborne and other transportation patterns, such as port congestion and canal closures;
- weather, water levels and crop yields;
- political developments; and
- embargoes and strikes.

Seaway

A significant portion of the Company's domestic business is dependent on the operations of the canal system on the Great Lakes and St. Lawrence River. These canals provide the only method a moving a vessel between Lake Superior and Lake Huron, Lake Erie and Lake Ontario, and past Cornwall and Montreal in the St. Lawrence River. In addition to potential variations in the length of the operating season caused by climate, a physical disruption to a lock in any part of the canal system would have significant impact on the ability of the Industry to service certain trades. The locks undergo annual maintenance during the winter season and in 2018 a major project to improve the locks between Lake Superior and Lake Huron was announced by the US government. Other than being a major stakeholder in the system, Company has no ability to influence the maintenance plans or improvement projects related to the locks or canals.

Fees and Tolls

Certain critical aspects of the Great Lakes St. Lawrence water transportation system are managed by government and quasi-government agencies. These agencies typically charge fees or tolls for use of the system or for access to services that are required in order to use the system. Some of these agencies face the same shortage of qualified staff that is faced by the Company and in response, these entities have begun to compete more aggressively for staff. This is creating cost increases for companies in the industry both to retain qualified staff and in the form of high fees passed through by the agencies. The Company has attempts to mitigate the impact of these fees by hiring qualified staff; however, this may have the effect of increasing the Company's costs. The ability of the Company to recovery these cost increases from customers is uncertain.

Costs of Incidents

Operating vessels that can weigh up to approximately 40,000 tonnes when fully loaded and which carry materials that may be harmful to the environment is inherently risky. The potential costs that could be incurred by the Company because of these risks include damages caused to property owned by others, the cost of environmental contamination including fines and clean up costs, costs associated with damage to our own assets, and the impact of injuries sustained by our employees or by others. The Company has in place a system designed to guide its employees in the management of all of these risks and is focused on a process of learning and continuous improvement after any incident. The Company also carries insurance designed to provide financial mitigation of costs incurred as the result of an incident; however, there is no guarantee that the insurance coverage will be sufficient to provide full reimbursement of all costs, nor is there any assurance that such insurance will continue to be available in the future at a reasonable cost.

Vessel Inspection

A failure to pass inspection by classification societies and regulators could result in one or more vessels being unemployable unless and until they pass inspection, resulting in a loss of revenues from such vessels for that period and a corresponding decrease in earnings, which may be material.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry, as well as being subject to inspection by shipping regulatory bodies such as Transport Canada. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the United Nations Safety of Life at Sea Convention.

A vessel must undergo Annual Surveys, Intermediate Surveys, and Special Surveys by its classification society, as well as periodic inspections by shipping regulators. As regards classification surveys, in lieu of a Special Survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. The Company's vessels are on Special Survey cycles for hull inspection and continuous survey cycles for machinery inspection. Every vessel is also required to be dry-docked every five years for inspection of the underwater parts of such vessel.

Due to the age of several of the vessels, the repairs and remediations required in connection with such classification society surveys and other inspections may be extensive and require significant expenditures. Additionally, until such time as certain repairs and remediations required in connection with such surveys and inspections are completed (or if any vessel fails such a survey or inspection), the vessel may be unable to trade between ports and, therefore, would be unemployable. Any such loss of the use of a vessel could have an adverse impact on Algoma's revenues, results of operations and liquidity, and any such impact may be material.

Maritime Laws and Acts

Algoma is subject to the Coasting Trade Act (Canada) that restricts domestic maritime transportation to vessels operating under the flag of Canada. In the case of the United States, vessels must be at least 75% owned and operated by U.S. citizens and manned by U.S. crews and, in addition, the vessels must have been built in the United States. Compliance with the foregoing legislation increases the operating costs of the vessels.

Aging Vessels

We may be unable to maintain or replace our vessels as they age. The domestic vessels that will begin the 2019 navigation season have an average age of the vessels operated by Algoma was approximately 19 years. The expense of maintaining, repairing and upgrading vessels typically increases with age, and after a period of time the cost necessary to satisfy required marine certification standards may not be economically justifiable. There can be no assurance that Algoma will be able to maintain its fleet by extending the economic life of existing vessels, or that our financial resources will be sufficient to enable us to make expenditures necessary for these purposes. In addition, the supply of replacement vessels is very limited and the costs associated with acquiring a newly constructed vessel are high. In the event that the Company were to lose the use of any of its vessels, our financial performance would be adversely affected.

Insurance Coverage

Algoma maintains insurance on its fleet for risks commonly insured against and by vessels owners and operators, including hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance). Algoma does not, however, insure the loss of a vessel's income when it is being repaired due to an insured hull and machinery claim. We can give no assurance that the Company will be adequately insured against all risks or that its insurers will pay a particular claim. Even if its insurance coverage is adequate to cover its losses, Algoma may not be able to obtain a replacement vessel on a timely basis in the event of a loss.

Furthermore, in the future, Algoma may not be able to obtain adequate insurance coverage at reasonable rates for the Company's fleet. Algoma may also be subject to calls, or premiums, in amounts based not only on its own claims record but also the claims record of all other members of the protection and indemnity associations through which Algoma may receive indemnity insurance coverage. Algoma's insurance policies will also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase its costs.

Marine Disaster

The operation of marine vessels entails the possibility of marine disasters and similar events that may cause a loss of revenue from affected vessels and may lead to loss of business.

The operation of vessels entails certain inherent risks that may adversely affect Algoma's business and reputation, including:

- damage or destruction of a vessel due to marine disaster such as a collision;
- the loss of a vessel due to piracy and terrorism;

- cargo and property losses or damage as a result of the foregoing or less drastic causes such as human error, mechanical failure, low water levels and bad weather;
- environmental accidents as a result of the foregoing; and
- business interruptions and delivery delays caused by mechanical failure, human error, war, terrorism, political action in various countries, labor strikes or adverse weather conditions.

Any of these circumstances or events could substantially increase costs, as for example, the costs of replacing a vessel or cleaning up a spill, or lower its revenues by taking vessels out of operation permanently or for periods of time. The involvement of the Company's vessels in a disaster or delays in delivery or damages or loss of cargo may harm its reputation as a safe and reliable vessel operator and cause it to lose business.

If vessels suffer damage, they may need to be repaired at the Company's cost at a dry-docking facility. The costs of dry-dock repairs are unpredictable and can be substantial. The Company may have to pay repair costs that insurance does not cover. The loss of earnings while these vessels are being repaired and repositioned, as well as the actual cost of these repairs, could decrease its revenues and earnings substantially, particularly if a number of vessels are damaged or repaired at the same time.

Cash Flow

Maritime claimants could arrest Algoma's vessels, which could interrupt its cash flow. Crew members, suppliers of goods and services to a vessel, shippers of cargo, and other parties may be entitled to a maritime lien against a vessel for unsatisfied debts, claims or damages against such vessel. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of the Company's vessels could interrupt its cash flow and require it to pay large sums of funds to have the arrest lifted.

Credit Facilities

Algoma's credit facilities impose operating and financial restrictions that may limit its ability to:

- incur additional indebtedness;
- make investments;
- engage in mergers or acquisitions
- pay dividends; and
- sell any of the Company's vessels or any other assets outside the ordinary course of business

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 Canadian dollar, which is the Company’s reporting currency 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.

From time to time, the Company has significant commitments due for payment in U.S. dollars. 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.

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 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:

	2018	2017
For the year		
Revenue	**$ 508,201**	$ 452,947
Net earnings from joint ventures	**$ 8,523**	$ 1,770
Net earnings from continuing operations	**$ 50,943**	$ 34,972
Net earnings from discontinued operations	**$ —**	$ 23,828
Net earnings	**$ 50,943**	$ 58,800
Additions to property, plant, and equipment	**$ 68,097**	$ 164,685
Dividends paid per common share	**$ 0.39**	$ 0.32
Basic earnings per common share	**$ 1.32**	$ 1.51
At December 31		
Total assets	**$ 1,111,893**	$ 1,100,290
Shareholders' equity	**$ 702,555**	$ 663,066
Long-term debt (including current)	**$ 258,588**	$ 292,004
Equity per common share	**$ 18.29**	$ 17.20
Common shares outstanding	**38,421,615**	38,552,315

The financial information is prepared in accordance with International Financial Reporting Standards. There are no significant factors affecting the comparability of financial data between 2017 and 2018.

Further discussion of the operating results for fiscal 2018 can be found in the Management's Discussion and Analysis for the year ended December 31, 2018 available at www.algonet.com/investor-relations.

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 exists at the present time.

The Company’s Board of Directors on January 17, 2019 authorized payment of a quarterly dividend to shareholders of $0.10 per common share. The dividend was paid on March 1, 2019 to shareholders of record on February 15, 2019.

Declared Date	Record Date	Payment Date	Dividend Per Share	Dividend Status
November 12, 2018	November 19, 2018	December 3, 2018	$0.0082	Ineligible
November 12, 2018	November 19, 2018	December 03, 2018	$0.0918	Eligible
August 9, 2018	August 21, 2018	September 4, 2018	$0.1000	Eligible
May 4, 2018	May 18, 2018	June 1, 2018	$0.1000	Eligible
February 2, 2018	February 15, 2018	March 1, 2018	$0.0292	Ineligible
February 2, 2018	February 15, 2018	March 1, 2018	$0.0608	Eligible
November 3, 2017	November 17, 2017	December 1, 2017	$0.0900	Eligible
August 3, 2017	August 18, 2017	September 1, 2017	$0.0800	Eligible
May 5, 2017	May 18, 2017	June 1, 2017	$0.0800	Eligible
February 1, 2017	February 15, 2017	March 1, 2017	$0.0700	Eligible
November 8, 2016	November 17, 2016	December 1, 2016	$0.0700	Eligible
August 5, 2016	August 18, 2016	September 1, 2016	$0.0700	Eligible
May 10, 2016	May 18, 2016	June 1, 2016	$0.0700	Eligible
February 1, 2016	February 16,2016	March 1, 2016	$0.0071	Ineligible
February 1, 2016	February 16,2016	March 1, 2016	$0.0629	Eligible

6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Company's Management's Discussion and Analysis is available at www.algonet.com/investor-relations 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 convertible debentures of the Company are listed on the Toronto Stock Exchange under the symbol of ALC.DB.A.

The price ranges and volume of common shares of the Company traded on the TSX on a monthly basis for 2018 were as follows:

Month	High	Low	Volume Traded (000's)
January	$16.00	$15.05	77
February	$15.40	$14.16	73
March	$15.15	$14.20	102
April	$15.20	$14.00	136
May	$15.65	$14.66	129
June	$15.65	$14.82	121
July	$15.29	$14.33	84
August	$14.89	$13.58	101
September	$13.94	$12.75	67
October	$13.06	$11.80	126
November	$12.46	$11.71	117
December	$12.84	$11.61	90

8. CAPITAL STRUCTURE

Authorized share capital consists of an unlimited number of common and preferred shares with no par value. In 2017 the Company repurchased common shares for cancellation under a substantial issuer bid and issued unsecured subordinated debentures. In 2018 the Company repurchased common shares for cancellation under a normal course issuer bid. The material characteristics of these items are set forth below.

Common Shares

A holder of common shares is entitled to one vote per share at meetings of shareholders, to receive dividends, if any, as and when declared by the board, and to receive pro rata the remaining property and assets of Algoma Central Corporation upon its dissolution or winding-up, subject to the rights of shares having priority over the common shares. The Company had 38,421,615 common shares outstanding as at December 31, 2018.

Preferred Shares

At December 31, 2018 and 2017 there were no preferred shares issued and outstanding.

Substantial Issuer Bid

In December, 2017, the Company repurchased 361,418 common shares for cancellation at a price of $14.75 per Common Share under a substantial issuer bid ("SIB"). The Common Shares purchased under the SIB represent an aggregate purchase price (including transaction cost) of $5,920 and represented 0.9% of the total number of the Company's issued and outstanding common shares as of December 15, 2017 (the expiry date of the SIB).

Normal Course Issuer Bid

On January 23, 2018, the Company filed a notice of intention to make a normal course issuer bid with the TSX advising of its intention to purchase, through the facilities of the TSX, up to 1,927,615 of its Common Shares representing approximately 5% of the 38,552,315 Shares which were issued and outstanding as at the close of business on January 16, 2018 (the "NCIB"). During the life of the NCIB, the Company repurchased and cancelled 137,600 common shares for a total cost of $1,910.

Convertible Debentures

In June 2017, the Company issued $82,500 of convertible unsecured subordinated debentures (the "2017 Debentures"). Each 2017 Debenture may be converted into common shares of the Company at the option of the holder at any time prior to maturity at a price equal to $21.15 per common share. On redemption at the maturity date, the Company may repay the indebtedness represented by the 2017 Debentures by paying an amount equal to the aggregate principal amount of the outstanding debentures. The Company has the option to repay the principal amount with common shares. The proceeds of the 2017 Debenture issue, net of related costs, were $78,383.

The 2017 Debentures are compound financial instruments and as such have been recorded as a liability and as equity. The liability component was valued first and the difference between the proceeds of the 2017 Debenture and the fair value of the liability was assigned to the equity component. The carrying value of the equity component before income tax and financing costs is $3,370. The carrying value of $2,309, which is net of financing costs and income tax, has been recorded as a separate component in shareholders' equity.

The present value of the liability, net of expenses, of $75,181 was calculated using a discount rate of 6.0% which approximated the interest rate that would have been applicable to non-convertible debt of the Company at the time the debentures were issued. The liability component will be accreted to the face value of the debentures over the term of the debentures with a resulting charge to interest expense.

On July 21, 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.

For more information regarding the capital structure of the Company please see the consolidated financial statements in the 2018 Annual Report, available online at www.algonet.com/investor-relations or on SEDAR at www.sedar.com.

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, an investment and insurance holding company. 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, an international dry-bulk shipping company. 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 Pension Officer, OMERS, a public sector pension fund, Chair of Oxford Properties Group Inc. and President and Chief Executive Officer of Oxford Properties Group Inc. both of which are owned by OMERS. 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, an investment and insurance holding company. 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, a Canadian chartered bank and President and Chief Executive Officer of Wellington Financial LLP. which was purchased by CIBC in 2018. 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, both of which are private equity investment firms. 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 Chair and Chief Executive Officer of Stephen Capital Inc. a financial advisory firm and Chairman and Chief Executive Officer, Stonecrest Capital Inc. He has served as a director of the Company since 2002.

Eric Stevenson, Toronto, Ontario

During the last five years, Mr. Stevenson has been a Director of Perseverance Marine Holdings, an international shipping investment firm. He has served as a director of the Company since 2013.

Officers

Duncan N. R. Jackman, Toronto, Ontario

Chairman

Gregg Ruhl, Amherst, New York

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

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.

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.

Brad Tiffin, Ridgeway, Ontario

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

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.

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.

Fredrik Hanson, Fort Lauderdale, Florida

Vice-President, Finance & Administration
During the last five years Mr. Hanson has been Vice-President, Finance & Administration at Algoma Management Services and CFO of Svitzer America Limited.

Joshua Juel, St. Catharines, Ontario

Assistant Vice-President, Marine Ops & Fleet Personnel
During the last five years Mr. Juel has been Assistant Vice-President, Marine Operations & Fleet Personnel at Algoma Central Corporation and Manager at Canadian National Railways.

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.

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.

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.

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.

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 89,603 or 0.2% of the
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 section 13 of this Annual Information Form for additional information on the Audit Committee.

Corporate Governance Committee

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

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 30 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, ensures that the Company's financial statements comply with International Financial Reporting Standards and presents 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 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 Pension Officer of OMERS. Prior to that, he was President and Chief Executive Officer of Oxford Properties Group Inc and the Chief Executive Officer of a real estate service company with over 1,100 employees and $3 billion 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:

	2018	2017
Audit	$ 753	$ 594
Debenture prospectus fees	$ —	$ 215
Audit related fees	$ 139	$ 39

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 at www.algonet.com and with SEDAR at www.sedar.com.

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