NOTICE OF MEETING
&
MANAGEMENT INFORMATION CIRCULAR

FOR THE ANNUAL MEETING OF SHAREHOLDERS
to be held on May 3, 2019

March 1, 2019

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NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that an annual general meeting (the "**Meeting**") of Shareholders of Algoma Central Corporation (the "**Company**") will be held at Vantage Venues, 27th Floor, 150 King Street West, Toronto, Ontario, M5H 1J9, on Friday, May 3, 2019 at the hour of 11:30 a.m. (EDT) for the purposes of:

1. Receiving the annual financial statements for the year ended December 31, 2018 and the report of the auditors thereon (the "**Financial Statements**") (see the "*Business of the Meeting – Receipt of Financial Statements and Auditor's Report*" section in Circular);

2. Electing directors (see the "*Business of the Meeting – Election of Directors*" section in Circular);

3. Appointing auditors and authorizing the directors of the Company to fix their remuneration and the terms of their engagement (see the "*Business of the Meeting – Appointment of Auditors*" section in Circular); and

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

Notice-and-Access

This year, the Company has adopted the "notice-and-access" mechanism of delivering materials to both registered and non-registered shareholders in connection with the Meeting. As such, the Company has posted electronic copies of its Management Information Circular and Annual Report (which comprises the Financial Statements along with the related management discussion and analysis - collectively, the "**Meeting Materials**") on the Company's website at www.algonet.com/investor-relations/ and on the Company's profile on the System for Electronic Data Analysis and Retrieval ("**SEDAR**") at www.SEDAR.com, instead of printing and mailing out paper copies, as permitted by Canadian securities regulators. Notice-and-access allows issuers to post electronic versions of proxy-related materials online via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders.

Shareholders with questions about notice-and-access can call the Company's transfer agent, AST Trust Company (Canada) ("**AST**"), toll free at 1-888-433-6443 (1-416-682-3801 if outside Canada and the US).

How to Obtain Paper Copies of the Meeting Materials

All shareholders may request that a paper copy of the Meeting Materials be sent to them at no cost by contacting the Company. Requests may be made up to one year from the date the Meeting Materials were filed on SEDAR by calling 905-687-7894 or 1-888-999-1883 (toll free in North America), or sending an email to investorrelations@algonet.com. A paper copy of the Meeting Materials will be mailed to you within three business days of receiving your request, if the request is made at any time prior to the Meeting. We estimate that your request for Meeting Materials will need to be received on or before April 19, 2019 in order to receive your paper copies in advance of the deadline for submission of form of proxies and/or voting instruction forms in respect of the Meeting.

SHAREHOLDERS ARE REMINDED TO REVIEW THE MEETING MATERIALS PRIOR TO VOTING AS THE MEETING MATERIALS HAVE BEEN PREPARED TO HELP YOU MAKE AN INFORMED DECISION.

How to Vote

Registered Shareholders: Unless you plan to attend the Meeting to vote in person, to be valid, registered shareholders are asked to return their accompanying form of proxy to AST using one of the following methods set out in the form of proxy not later than 48 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or an adjournment or postponement thereof, to be used at the Meeting or an adjournment or postponement thereof.

Non-Registered Shareholders: If you have received these materials through your broker or through another intermediary, please follow the instructions set out in the voting instruction form or other instructions received from the financial intermediary to ensure that your shares will be voted at the Meeting. To be effective, your voting instructions must be received not less than 72 hours (excluding Saturdays, Sundays and holidays) prior to the commencement of the Meeting or an adjournment or postponement thereof, to be used at the Meeting or an adjournment or postponement thereof.

Dated at Toronto, Ontario the March 1, 2019.

On behalf of the Board of Directors

J. Wesley Newton, Secretary

MANAGEMENT INFORMATION CIRCULAR

This Management Information Circular (the "**Circular**") is for the Algoma Central Corporation (the "**Company**") annual general meeting of shareholders (the "**Meeting**") to be held on Friday, May 3, 2019 at Vantage Venues, 27th Floor, 150 King Street West, Toronto, Ontario, M5H 1J9, at the hour of 11:30 a.m. (EDT). Provided you are a shareholder as of the Record Date (defined below) you have the right to vote the common shares of the Company (the "**Common Shares**") for approval of the matters set forth in the Notice of Meeting.

To help you make an informed decision, please read this Circular and the Annual Report (which includes the financial statements for the year ended December 31, 2018 (the "**Financial Statements"**) with the related management's discussion & analysis ("**MD&A**"). This Circular gives you valuable information about the Company and the matters to be dealt with at the Meeting. All currency amounts referred to in this Circular are expressed in Canadian dollars, unless stated otherwise.

Record Date and Quorum

The record date for determining the shareholders entitled to receive notice of and vote at the Meeting is the close of business (5:00 p.m. (EDT)) on March 19, 2019 (the "**Record Date**"). If you held Common Shares as of the close of business on the Record Date, you have the right to cast one vote per Common Share on any resolution to be voted upon at the Meeting.

Pursuant to the by-laws of the Company, and subject to the *Canada Business Corporations Act* ("**CBCA**"), a quorum for the transaction of business at any meeting of shareholders is two persons present in person or by proxy who hold or represent by proxy not less than 10% of the issued and outstanding Common Shares entitled to vote at such meeting.

PROXY RELATED MATTERS

Solicitation of Proxies

This Circular is furnished in connection with the solicitation of proxies by and on behalf of the management of the Company for use at the Meeting for the purposes set forth in the Notice of Meeting. It is expected that the solicitation of proxies will be primarily by mail, but proxies may also be solicited personally or by telephone by employees of the Company or by persons retained by the Company for that purpose. The total cost of such solicitation will be borne by the Company.

Notice-and-Access

This year, the Company has adopted the "notice-and-access" mechanism of delivering materials to both registered and non-registered shareholders in connection with the Meeting. As such, the Company has posted electronic copies of the Circular and Annual Report on the Company's website at www.algonet.com/investor-relations/ and on the Company's profile on the System for Electronic Data Analysis and Retrieval ("**SEDAR**") at www.SEDAR.com, instead of printing and mailing out paper copies, as permitted by Canadian securities regulators. Notice-and-access allows issuers to post electronic versions of proxy-related materials online via SEDAR and one other website, rather than mailing paper copies of such materials to shareholders.

Shareholders with questions about notice-and-access can call the Company's transfer agent, AST Trust Company (Canada) ("**AST**"), toll free at 1-800-387-0825.

The Company will pay reasonable costs incurred by persons who are registered but not beneficial owners of Common Shares (such as brokers, dealers, other registrants under applicable securities laws, nominees and/or custodians) in sending or delivering copies of the Notice of Meeting, the Circular and form of proxy to beneficial owners of such Common Shares. The Company will furnish to such persons, without cost, upon request to the Company at Suite 600, 63 Church Street, St. Catharines, ON, L2R 3C4, additional copies of the Notice of Meeting, the Circular and form of proxy for this purpose. Executed forms of proxy may be mailed or faxed to AST Attention: Proxy Department, P.O Box 721, Agincourt, Ontario, M1S 0A1 or by fax 416-368-2502 or 1-866-781-3111 (toll free in North America)

How to Obtain Paper Copies of the Meeting Materials

All shareholders may request that a paper copy of the Circular and Annual Report (the "**Meeting Materials**") be sent to them at no cost by contacting the Company. Requests may be made up to one year from the date the meeting materials were filed on SEDAR by calling 905-687-7894 or 1-888-999-1883 (toll free in North America), or sending an email to investorrelations@algonet.com.

A paper copy of the Meeting Materials will be mailed to you within three business days of receiving your request, if the request is made at any time prior to the Meeting. We estimate that your request for Meeting Materials will need to be received on or before April 19, 2019 in order to receive your paper copies in advance of the deadline for submission of form of proxies and/or voting instruction forms in respect of the Meeting.

How to Vote

REGISTERED SHAREHOLDERS	NON-REGISTERED SHAREHOLDERS
OPTION 1 By Proxy You may give your voting instructions in the following manner: **Fax:** Complete the proxy form and fax to: 416-368-2502 or 1-866-781-3111 (toll free in North America) **E-mail:** Complete the proxy form and scan and e-mail to: proxyvote@astfinancial.com **Mail:** Return the proxy form in the prepaid envelope provided to: AST Trust Company (Canada) Attention: Proxy Department P.O. Box 721, Agincourt, Ontario M1S 0A1 Our transfer agent, AST, must receive your proxy form on or before 11:30 a.m. (EDT) on May 1, 2019 or 48 hours prior to the commencement of the Meeting. **OPTION 2 In person at the meeting** If you plan to present personally at the Meeting, you are requested to bring the proxy form that was sent to you by mail to the Meeting for identification.	**OPTION 1 By Voting Instruction Form** You may give your voting instructions in the following manner: **Telephone:** 1-800-474-7493 (English) or 1-800-474-7501 (French) **Online:** Using your 16 digit control number located on your Voting Instruction Form, proceed to proxyvote.com and vote using your computer or mobile device. **Mail:** The Voting Instruction Form may be returned by mail using the prepaid envelope provided To: Data Processing Centre PO Box 3700 STN Industrial Park Markham ON L3R 5S5 To ensure that your instructions are received in sufficient time to be processed, please ensure that your Voting Instruction Form is received or voted online at least 72 hours prior to the commencement of the Meeting. Voting instructions received on the proxy deposit date or later may not be able to be included in the final tabulation. **OPTION 2 In person at the meeting** To attend the Meeting and vote your Common Shares in person you may: 1. Write your name or the name of your designate to act on your behalf on the "appointee" line found on your Voting Instruction Form. Sign and date the form and return it by mail; or 2. Go to proxyvote.com and follow the instructions given. At the Meeting, you or your designate, as the named "appointee", must attend the Meeting for your vote to be counted. When you or your designate arrive at the Meeting, please register with the AST representative.

If you require further clarification on the voting processes above, please contact AST at 1-800-387-0825.

Voting by Registered Shareholders

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

THE PERSONS NAMED IN THE PROXY ARE MEMBERS OF THE COMPANY'S MANAGEMENT. A SHAREHOLDER DESIRING TO APPOINT SOME OTHER PERSON (WHO NEED NOT BE A SHAREHOLDER OF THE COMPANY) TO REPRESENT THE SHAREHOLDER AT THE MEETING MAY DO SO EITHER BY STRIKING OUT THE NAMES OF THE PERSONS SPECIFIED IN THE FORM OF PROXY AND INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN THE FORM OF PROXY OR BY COMPLETING ANOTHER PROPER FORM OF PROXY.

Voting by Non-registered shareholders

Only registered shareholders or the persons they appoint as their proxies are permitted to vote at the Meeting. In many cases, common shares beneficially owned by a person (a "**non-registered shareholder**") are registered either (a) in the name of an intermediary (an "**Intermediary**") that the non-registered shareholder deals with in respect of such common shares (e.g., banks, trust companies, securities dealers or brokers and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans); or (b) in the name of a clearing agency (e.g., The Clearing and Depository Services Inc.) of which the Intermediary is a participant. In accordance with the requirements of NI 54-101, the Company is using notice-and-access to deliver this Circular to both registered and non-registered shareholders. This means that the Circular is being posted online for you to access, rather than being mailed out. A Voting Instruction Form (defined below) has been mailed to all non-registered shareholders so that such holders may vote their Common Shares. In accordance with NI 54-101, the Annual Report will be mailed to all non-registered shareholders who have either opted in to having a copy mailed to them or who have opted to have an electronic copy sent to them via e-mail. For all others, the Annual Report will be available online at algonet.com/investor-relations/.

Intermediaries are required to forward the meeting materials to non-registered shareholders unless a non-registered shareholder has waived the right to receive them. Very often, Intermediaries will use service companies to forward the meeting materials to non-registered shareholders. Generally, non-registered shareholders who have not waived the right to receive meeting materials will either:

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

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

In either case, the purpose of this procedure is to permit non-registered shareholders to direct the voting of the Common Shares they beneficially own.

Should a non-registered shareholder who receives either form of proxy wish to vote at the Meeting in person, the non-registered shareholder should strike out the persons designated as proxy holders by management of the Company in the form of proxy and insert the name of the non-registered shareholder or their designated proxy in the blank space provided, who need not be a shareholder of the Company. Non-registered shareholders should carefully follow the instructions of the Intermediary including those regarding when and where the form of proxy or Voting Instruction Form is to be delivered.

Revocation of Proxies

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

VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

Outstanding Shares

The Company is authorized to issue an unlimited number of Common Shares and Preferred Shares, of which there are 38,414,715 Common Shares issued and outstanding and nil Preferred Shares issued and outstanding as at March 1, 2019. The Common Shares, which carry one vote each, may be voted at the Meeting. In accordance with the provisions of the CBCA, the Company will prepare a list of the holders of its Common Shares as of the close of business on the Record Date. A shareholder named in such list will be entitled to vote his or her Common Shares at the Meeting.

Interest of Certain Persons or Companies in Matters to be Acted Upon

As at the date hereof, to the knowledge of the directors and senior officers of the Company, none of the directors or officers of the Company who have been a director or executive officer of the Company at any time since the beginning of the Company's last financial year, nor any proposed nominee for election as a director of the Company nor any associate or affiliate of any of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting, other than the election of directors.

Principal Holders of Common Shares

To the knowledge of the directors and officers of the Company, as of the date hereof, no person or company beneficially owns, controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to all outstanding Common Shares, other than as set out below:

Shareholder	**Number of Common Shares (includes direct or indirect ownership or control)**	**Percentage of issued Common Shares**
Amogla Holdings Limited	11,550,460	30.1%
E-L Financial Corporation Limited	10,515,220	27.4%

BUSINESS OF THE MEETING

RECEIPT OF FINANCIAL STATEMENTS AND AUDITOR'S REPORT

Financial Statements will be placed before the Meeting. Approval of the shareholders is not required in relation to the Financial Statements.

ELECTION OF DIRECTORS

The Board of Directors of the Company (the "**Board**") consists of such number, not being less than five or more than fifteen, as shall be determined by the directors from time to time. The Board has passed a resolution determining that the Board shall consist of eight directors until changed by the Board, and eight directors shall be elected at the Meeting. Directors elected at the Meeting will serve until the next annual meeting of shareholders or until their respective successors are elected or appointed. Management does not contemplate that any of the proposed nominees will be unable to serve as a director. If for any reason any proposed nominee is unable to serve as such, the representatives of management, if so named as proxy, reserve the right to vote for any other nominee in their sole discretion. The following information relating to the nominees as directors is based partly on the Company's records and partly on information received by the Company from such persons and is given as at March 1, 2019.

Name and place of residence	**Present principal occupation, business or employment**	**First year became a director** (6)	**Number of Common Shares** (7)
Richard B. Carty (1) (2) (3) Toronto, Ontario, Canada	Vice-President, General Counsel and Corporate Secretary, E-L Financial Corporation Limited, an investment and insurance holding company.	2010	5,500
Paul Gurtler (3) (5) Hamilton, Bermuda	Managing Director, Interlink Maritime Corp., an international dry-bulk shipping company.	2017	Nil
E. M. Blake Hutcheson (1) (3) Toronto, Ontario, Canada	President and Chief Pension Officer, Ontario Municipal Employees Retirement Fund, a public sector pension fund.	2003	4,338
Duncan N. R. Jackman (2) (4) (5) Toronto, Ontario, Canada	Chairman, President and Chief Executive Officer, E-L Financial Corporation Limited, an investment and insurance holding company.	1997	30,000
Mark McQueen (1) Toronto, Ontario, Canada	President and Executive Managing Director, CIBC Innovation Banking, a division of a Canadian chartered bank.	2015	5,000
Clive P. Rowe (2) (4) (5) New York, New York, U.S.A.	Partner, Oskie Capital, a private equity investment firm.	1999	10,300
Harold S. Stephen (1) (2) Mississauga, Ontario, Canada	Chairman and Chief Executive Officer, Stephen Capital Inc., a financial advisory firm.	2002	20,000
Eric Stevenson (2) (3) (5) Toronto, Ontario, Canada	Venture Capitalist and Co-Founder, Perseverance Marine, an international shipping company.	2013	3,929

(1) Member of the Audit Committee.

(2) Member of the Corporate Governance Committee.

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

(4) Member of the Executive Committee.

(5) Member of the Investment Committee.

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

(7) Represents the number of Common Shares beneficially owned, directly or indirectly, or over which control or direction is exercised.

Majority Voting

The Board believes that each of its members should carry the confidence and support of the shareholders. To this end, the directors have unanimously adopted a majority voting policy. This policy requires any nominee for election to the Board for which the number of Common Shares withheld was greater than the number of Common Shares voted in favour of the nominee to submit his or her resignation promptly after the meeting to the Corporate Governance Committee for its consideration. The Corporate Governance Committee will make a recommendation to the Board after reviewing the matter and the Board's decision to accept or reject the resignation will be publicly disclosed. The nominee will not participate in any Corporate

Governance Committee or Board deliberations in considering the resignation. Future nominees for election to the Board will be asked to subscribe to this statement before their names are put forward.

APPOINTMENT OF AUDITORS

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

REMUNERATION OF DIRECTORS AND EXECUTIVE OFFICERS

COMPENSATION DISCUSSION & ANALYSIS

This section provides information regarding the compensation program in effect in 2018 for the Chief Executive Officer (the "**CEO**"), Chief Financial Officer (the "**CFO**"), and the three other most highly compensated executive officers of the Company, collectively the Named Executive Officers (the "**NEO**"s).

The Corporate Governance Committee of the Board recommends to the Board compensation of directors and senior officers. The Corporate Governance Committee consists of five members, each of whom is independent. The Corporate Governance Committee for 2018 comprised Clive P. Rowe, Richard B. Carty (Chairman), Duncan N. R. Jackman, Harold S. Stephen, and Eric Stevenson.

Executive Summary

The compensation program for the senior officers of the Company comprises base salary, non-equity incentive compensation plans and an equity long-term incentive compensation plan. In establishing base salary, length of service and individual performance are both considered. The incentive compensation plans offer both short-term and longer-term incentives and are based on Company financial and individual performance.

Compensation Philosophy and Objectives

The compensation programs of the Company are designed to attract and retain well-quality, experienced individuals at all levels of the organization. All shore-based employees participate in an annual incentive compensation program designed to align their actions with results that deliver shareholder value. In addition to the annual incentive program that is open to all shore-based employees, senior management of the Company is eligible to participate in programs that are designed to also align their compensation with medium- and long-term enhancements in shareholder value.

As a rule, senior executive compensation is designed to be competitive with the compensation programs offered by companies of similar size and sharing similar business characteristics. The purpose of the programs is to attract and to retain senior executives. The compensation is designed to be fair and reflective of the skills and experience that the executives bring to the Company.

The structure of the compensation program is designed to reward executives for actions that have an immediate or short-term benefit yet also serve to enhance the value of the Company over the medium and longer term by improving the Company's competitive position in its industry, growing the business in a manner that enhances long-term shareholder value, and that do not involve excessive risking taking.

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

The Corporate Governance Committee has assessed the risks associated with the Company's compensation structure and has concluded that the compensation program does not create situations where executives would be unduly compensated for taking excessive risk. This is achieved by ensuring that the incentive compensation program is assessed and approved annually by the Corporate Governance Committee. The annual review allows a degree of discretion in favour of the Committee in the final determination of annual awards. In addition, the program is designed to include caps in the amount of incentive compensation that can be awarded in any one year.

Elements of Executive Compensation

The compensation arrangements for the Company's senior officers are composed of the following elements:

Compensation Element	**Form**	**Performance Period**	**Determination**
Base Salary	Cash	Annual	See Note 1
Annual Incentive Program ("**AIP**")	Cash	For the CEO, CFO, and other senior officers, 100% of the AIP has been paid out in cash annually starting in respect of 2017. In prior years, 50% of the award for senior officers other than the CEO was paid out annually, and the other 50% was deferred for three years as Performance Share Units ("**PSU**") and paid in cash at the end of the vesting period. The deferred portion was forfeited if the executive terminated his or her employment prior to retirement.	Target awards are based on executive level and actual payouts are based on the achievement of corporate financial targets and individual objectives. See Note 2
Medium-Term Non-Equity Incentive Program ("**MTIP**")	Cash	Until 2017, awards were made annually to the CEO in the form of PSUs paid in cash at the end of the applicable vesting period. For years after 2017, the CEO ceased to participate in this plan. In 2018, the company extended membership in the MTIP to certain other members of the management, including one of the NEOs.	See Note 3
Long-Term Equity Incentive Program ("**LTIP**")	Stock Options	Shareholders approved the creation of the LTIP in 2018 in which the CEO and certain other senior officers participate.	See Note 4

<u>Note 1. Base Salary</u>

Individual salaries are based on a number of factors, including the individual's experience, level of responsibility within the Company and performance. The Board takes into account the compensation practices of other Canadian public companies so that executive compensation is competitive, both in terms of the individual components and in aggregate. Compensation surveys and management recommendations may be used by the Board as part of this process. The Board does not benchmark to any particular company or companies, but the Board may use as a resource informal compensation surveys and compensation information compiled through more formal compensation surveys performed by human resource consulting companies. The base salary of an NEO is intended to attract and retain executives by providing a reason amount of non-contingent remuneration as part of their overall compensation package.

In addition to salary and participation in certain benefit plans that are generally available to all shore-based employees of the Company, NEOs are eligible to participate in incentive compensation programs that are considered at-risk compensation and are intended to compensate executives for actions and results that are consistent with pay for performance objectives and are to the benefit of the Company and its shareholders. The programs are designed to reward short-term (current year) as well as medium- and long-term success.

Note 2. Annual Incentive Program

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

The AIP has been designed to:

- Attract, retain and reward senior officers and key employees in both the short and long-term;
- Recognize senior officers for corporate, business unit and individual performance;
- Encourage senior officers and key employees to think like long-term owners and act in the long-term best interests of the Company; and
- Align the interests of senior officers and key employees with those of the Company's shareholders.

The key measures in the AIP include improving the Company's return on equity ("**ROE**") and achieving operating metrics designed to measure improvement in long-term profitability. ROE is determined by dividing the net earnings of the Company by the average of shareholders' equity at the beginning and end of the year. In setting performance goals or measuring achievement of such goals, the Corporate Governance Committee may exercise judgment from time to time to exclude or include items from both of these calculations that are determined not to be indicative of management's performance during the year.

The Company uses ROE as a measure of management's efficient and effective use of the capital resources entrusted to them, including the prudent use of debt financing. The Company's long-term target for ROE is 9.5% and the Company uses this as a benchmark in establishing return on investment objectives when assessing new capital investments and business opportunities. The target for ROE for compensation purposes is determined annually by the Corporate Governance Committee in the context of this long-term target.

The weighting of the corporate and individual components of the AIP is dependent upon the employee's level within the organization. Grants made pursuant to the MTIP and LTIP will be at the discretion of the Board but will be made taking into consideration the corporate and individual components below.

Level	**Target Award as a % of Base Salary**	**Corporate Component Weighting**	**Individual Component Weighting**
Chief Executive Officer	65%	75%	25%
Chief Financial Officer	50%	75%	25%
Other NEOs	35% - 50%	75%	25%

Key performance targets are established on an annual basis by the Corporate Governance Committee. Individual performance targets for each senior officer are recommended by the CEO and approved by the Corporate Governance Committee. In the case of the CEO, individual performance targets are developed and approved by the Corporate Governance Committee. The actual incentive can vary between 0% and 108% of base salary for the CEO and between 0% and 75% for the other senior officers, depending on each individual's degree of achievement of individual targets and his or her contribution to the Company's performance targets.

Note 3. Medium-Term Non-Equity Incentive Program

Prior to 2017, 50% of AIP awards for all executives other than the CEO in any year were in the form of performance share units ("PSUs") that vested and were paid out in cash based on the price of the Company's Common Shares on the third anniversary of the grant date. Beginning in 2017, 100% of executive AIP was paid in cash and this component of the MTIP was eliminated and replaced by an LTIP in the form of stock options, which is described in more detail below.

Until 2017, the CEO was eligible to participate under the MTIP pursuant to which PSUs equal to between 0% and 100% of the CEO's annual salary could be granted based on the achievement of business and personal performance targets. Beginning in 2018, the CEO's eligibility under and participation in the MTIP ceased and the CEO began to participate in the newly created LTIP.

During 2018, participation in the MTIP program was extended to certain other members of management of the Company, including one of the NEOs. The MTIP, as it applies to this extended membership, is a discretionary plan under which the CEO, with the approval of the Corporate Governance Committee, may grant PSUs to members of management as an incentive, retention tool and mechanism to align management with the long-term success of the Company. The PSUs vest, generally over a three-year period, and are paid out in cash upon vesting based on the share price of the Company's Common Shares at the time of vesting.

The MTIP is intended to align executive compensation with enhancements in shareholder value by tying the value of MTIP units to the medium-term changes in value in the Common Shares of the Company. The time vesting condition of the MTIP units serves to enhance executive retention, while the non-equity character of the units enables the Company to tie the value of the compensation to share values without requiring the issuance of Common Shares, reducing the dilutive impact of these units on an after-tax basis.

Note 4. Long-Term Equity Incentive Program

During 2018, shareholders of the Company approved the LTIP, which is based on stock options. Further details of the Company's stock option plan are provided below. The LTIP serves to align the compensation of the executives with longer term changes in shareholder value and enables participants in the program to acquire an equity interest in the Company. It is believed that such longer term alignment is important to ensure that senior executives create sustainable shareholder value over a long term. The Company does not have a policy of requiring executives to own equity.

For 2018, the CEO, CFO, Chief Operating Officer, Senior Vice-President (Corporate Development) and General Counsel participated in the LTIP.

Summary Compensation Table

The following table sets forth the compensation earned by the CEO, CFO, and by each of the other NEOs for the years ended December 31, 2018, 2017, and 2016.

Name and Principal Position	**Year**	**Salary**	**Share-based Award**[(1)]	**Option-based Awards** [(2)]	**Non-equity Incentive Plan Compensation**		**Pension Value**	**All Other**	**Total Compensation**
					Annual Incentive Plans	Long-term Incentive Plans			
Ken Bloch Soerensen President and Chief Executive Officer [(3)]	2018 2017 2016	$600,000 $600,000 $599,500	Nil Nil $320,040	$297,906 Nil Nil	$390,000 $340,636 $320,040	Nil Nil Nil	$60,200 $60,200 $60,200	$15,600 $15,600 $15,600	$1,363,706 $1,016,436 $1,315,380
Peter D. Winkley Chief Financial Officer	2018 2017 2016	$350,000 $312,000 $312,000	Nil Nil $61,704	$74,477 Nil Nil	$171,234 $148,474 $61,074	Nil Nil Nil	$30,200 $25,600 $25,700	$15,600 $15,600 $15,600	$641,511 $501,674 $475,448
Gregg A. Ruhl Chief Operating Officer [(4)]	2018 2017 2016	$350,000 $312,000 $312,000	Nil Nil $62,197	$74,477 Nil Nil	$171,234 $148,474 $62,197	Nil Nil Nil	$30,200 $25,600 $25,700	$16,793 $16,709 $16,151	$642,704 $502,783 $478,245
J. Wesley Newton Senior Vice-President, Corporate Development and General Counsel	2018 2017 2016	$230,000 $149,628 $146,870	Nil Nil Nil	$49,651 Nil Nil	$84,805 $60,025 $21,252	Nil Nil Nil	$15,800 $10,000 $9,800	$16,034 $14,400 $14,400	$396,290 $234,053 $192,322
Brad L. Tiffin Vice President, Operations [(5)]	2018 2017 2016	$220,798 $170,328 $155,333	$50,000 Nil Nil	Nil Nil Nil	$70,648 $49,143 $27,644	Nil Nil Nil	$18,000 $11,200 $10,200	$15,590 $15,753 $15,403	$375,036 $246,424 $208,580

1. Represents the value as of the date of determination of awards under the Company's MTIP. Please refer to Medium-Term Non-Equity Incentive Program for further details.
2. Stock options were issued for the first time in 2018. See table following for further details.
3. Mr. Soerensen resigned as President and Chief Executive Officer on February 7, 2019 and forfeited his 2018 option grant.
4. Mr. Ruhl was appointed Chief Operating Officer in 2017. Mr. Ruhl joined the Company as Senior Vice-President, Engineering on November 1, 2015. Prior to joining the Company, Mr. Ruhl was the Managing Director for Canadian National Railway. Upon the resignation of Mr. Soerensen, Mr. Ruhl was appointed President and Chief Executive Officer.
5. Mr. Tiffin was appointed Vice-President, Operations in July 2016. Mr. Tiffin was appointed Senior Vice-President, Operations and Technical on February 7, 2019.

INCENTIVE PLAN AWARDS

Outstanding Option-Based and Share-Based Awards

Medium-Term Non-Equity Incentive Program

Under the Company's MTIP, certain components of executive incentive compensation are awarded in the form of PSUs. The number of PSUs awarded is at the discretion of the CEO and is subject to approval by the Corporate Governance Committee. The PSUs vest on the third anniversary of the date of award and are paid out in cash based on the average closing share price on the five days preceding, the day of and the four days following the vesting date. Performance of the Common Shares over the vesting period will determine the ultimate pay-out under this Plan. During the period prior to vesting, the PSUs will accrue dividends in the form of additional PSUs. The number of dividend PSUs to be issued will be based on the cash dividends attributable to the number of PSUs held by the executive divided by the average closing share price of Common Shares of the

Company for the five days preceding, the day of and the four days following the date of payment of the cash dividend on Common Shares.

The following table summarizes the share-based awards outstanding as a result of these grants:

Executive	PSUs Outstanding January 1 [1]	PSUs Granted in 2018 [2]	PSUs issued in 2018 in lieu of dividends	PSUs Vested and Redeemed	Total unvested PSUs	Total value of unvested PSUs at December 31, 2018	PSUs vesting by Year
Ken Bloch Soerensen	49,572	-	1,265	(6,406)	44,431	$563,390	2019 – 17,909 2020 – 26,522
Peter D. Winkley	9,818	-	189	(4,019)	5,988	$75,929	2019 – 927 2020 – 5,061
Gregg A. Ruhl	5,012	-	142	-	5,154	$65,358	2020 – 5,154
Brad L. Tiffin	-	3,385	28	-	3,413	$43,277	2021 – 3,413
Total	64,402	3,385	1,624	(10,425)	58,986	$747,954	2019 – 18,836 2020 – 36,737 2021 – 3,413

Note 1 – All PSUs outstanding at the beginning of 2018 for Mr. Winkley and Mr. Ruhl arose from the pre-2017 MTIP program, under which 50% of the AIP entitlement of senior executives was issued in the form of PSUs.
Note 2 – The PSUs held by Mr. Soerensen at the beginning and 2018 and all PSUs granted in 2018 arose from the Company's discretionary MTIP program that was introduced for the CEO in 2016 and for certain other executives in 2018.

Long-Term Equity Incentive Program

In 2018, the shareholders of the Company approved the creation of the LTIP. The purpose of the LTIP is to advance the interests of the Company by (i) encouraging senior management and key employees to think like long-term owners and act in the long-term best interests of the Company; (ii) aligning the interests of participants with those of the Company's shareholders; and (iii) enhancing the Company's ability to attract, retain, motivate and reward senior management and key employees.

The LTIP is administered by the Board, which may delegate this responsibility to a committee of the Board. The Board, in its sole discretion, shall from time to time designate the executive officers or employees to whom options shall be granted under the LTIP.

The maximum number of Common Shares issuable under the LTIP is currently 5% of the issued and outstanding Common Shares of the Company and, as such, the rules of the Toronto Stock Exchange ("**TSX**") provide that the LTIP must be approved by shareholders every three years. A total of 1,920,735 Common Shares have been reserved for issuance as at the date hereof. All of the Common Shares relating to exercised, cancelled or terminated options granted under the LTIP will automatically become available for the purposes of options that may be subsequently granted under the Plan. As a result, the LTIP is considered an "evergreen" plan since the Common Shares relating to options which have been exercised shall be available for subsequent grants under the Plan and the number of options available to grant increases as the number of issued and outstanding Common Shares of the Company increases.

The number of Common Shares issued, within any one-year period, and issuable, at any time, to insiders of the Company under all equity-based incentive compensation arrangements of the Company may not exceed 5% of the number of Common Shares in the capital of the Company that are outstanding from time to time (calculated on a non-diluted basis).

Unless otherwise provided in a participant's employment agreement or option agreement, options granted pursuant to the LTIP will cliff vest in full on the third anniversary date of the grant.

All options granted under the LTIP will have an exercise price determined and approved by the Board at the time of grant, which shall not be less than the market price of the Common Shares at such time. For purposes of the LTIP, the market price of the Common Shares shall be the closing price for the Common Shares on the TSX on the last trading day before the day on which the option is granted.

The Company does not provide financial assistance to option holders in connection with their participation in the LTIP.

Under the LTIP, option holders will be subject to the clawback of any options that had been issued pursuant to the Company's financial results where the Company's financial statements are restated, and the options would not have been awarded had the financial results been initially prepared in accordance with the restated statements.

An option shall be exercisable during a period established by the Board which shall commence on the date of the grant and shall terminate no later than ten years after the date of the grant. The LTIP provides that the exercise period shall automatically be extended if the date on which it is scheduled to terminate shall fall during a black-out period or within nine business days after the end of a black-out period or any other trading restriction imposed by the Company (other than a cease trade order or other restriction imposed by any person other than the Company). In such cases, the extended exercise period shall terminate ten business days after the last day of the blackout-period.

In order to facilitate the payment of the exercise price of the options, the LTIP has a cashless exercise feature pursuant to which a participant may elect to undertake either a broker-assisted "cashless exercise" or a "net exercise" subject to the procedures set out in the LTIP, including the consent of the Board, where required. Under the cashless exercise election, the option holder may elect to receive an amount in cash per option equal to the cash proceeds realized upon the sale of the Common Shares underlying the options by a securities dealer in the capital markets, minus the aggregate exercise price, any applicable withholding taxes and any transfer costs charged by the securities dealer. Under the net exercise election, the participant may elect to receive, and the Company may deliver, in its sole discretion, either (i) cash in an amount equal to the amount by which the aggregate fair market value of the Common Shares issuable under the option exceeds the aggregate exercise price in respect of such option (including any withholding taxes), or (ii) such number of Common Shares having a fair market value equal to the amount by which the aggregate fair market value of the Common Shares issuable under the option exceeds the aggregate exercise price in respect of such option (including any withholding taxes).

The LTIP also provides that appropriate adjustments, if any, will be made by the Board in connection with a stock dividend or split, recapitalization, reorganization or other change of Common Shares, consolidation, distribution, merger or amalgamation or similar corporate transaction, in order to maintain the optionees' economic rights in respect of their options in connection with such change in capitalization, including adjustments to the exercise price and/or the number of Common Shares to which an optionee is entitled upon exercise of options, or permitting the immediate exercise of any outstanding options that are not otherwise exercisable.

The LTIP provides that upon certain change of control events, the vesting of all outstanding options shall automatically accelerate such that, notwithstanding the previously established vesting schedule, such outstanding options shall be fully vested and conditionally exercisable upon the completion of the change of control. The Board may in its discretion, acting in good faith, and subject to applicable regulatory provisions and shareholder approval, extend the expiration date of any option, provided that the period during which an option is exercisable does not exceed ten years from the date such option is granted.

The following table describes the impact of certain events upon the rights of holders under the LTIP, including termination for cause, resignation, termination other than for cause, retirement, death or disability, subject to the terms of a participant's employment agreement:

Event Provisions	**Provisions**
Termination for cause	Forfeiture of all vested and unvested options.
Resignation	Forfeiture of all unvested options and vested options must be exercised by the earlier of the original expiry date and 90 days after resignation.
Termination other than for cause	Forfeiture of all unvested options and vested options must be exercised by the earlier of the original expiry date and 90 days after termination.

Retirement	Unvested options continue to vest in accordance with their vesting schedule and vested options must be exercised by the earlier of the original expiry date and three years after retirement.
Disability	Unvested options continue to vest in accordance with their vesting schedule and vested options remain exercisable until the original expiry date.
Death	All unvested options immediately vest and all options expire 180 days after the date of death of the participant.

During 2018, 250,000 stock options were issued under the LTIP, of which 100,000 remaining outstanding, leaving 1,820,735 available to be issued as of March 1, 2019.

The following table sets out information as of the end of the Company's most recently completed financial year with respect to compensation plans under which equity securities of the Company are authorized for issuance:

The following table summarizes the option-based awards outstanding as a result of these grants:

	Option-Based Awards			
Name	**Number of Shares Underlying Unexercised Options**	**Option Exercise Price**	**Option Expiration Date**	**Value of Unexercised, in-the-Money Options**
Ken Bloch Soerensen				
2018 LTIP Award	150,000	$15.06	6 May 2023	-
Peter D. Winkley				
2018 LTIP Award	37,500	$15.06	6 May 2023	-
Gregg A. Ruhl				
2018 LTIP Award	37,500	$15.06	6 May 2023	-
J. Wesley Newton				
2018 LTIP Award	25,000	$15.06	6 May 2023	-

Incentive Plan Awards – Value Vested or Earned During the Year

Name	**Option-Based Awards – Value Vested During the Year**	**Share-Based Awards – Value Earned During the Year**	**Non-Equity Annual Incentive Plan Compensation – Value Earned During the Year**
Ken Bloch Soerensen	-	-	$390,000
Peter D. Winkley	-	-	$171,234
Gregg A. Ruhl	-	-	$171,234
J. Wesley Newton	-	-	$84,805
Brad L. Tiffin	-	-	$70,648

Securities Authorized for Issuance

	Option-Based Awards			
Name	Number of Shares Underlying Unexercised Options	Option Exercise Price	Option Expiration Date	Value of Unexercised, in-the-Money Options [1]
Ken Bloch Soerensen	150,000	$15.06	6 May 2023	-
Peter D. Winkley	37,500	$15.06	6 May 2023	-
Gregg A. Ruhl	37,500	$15.06	6 May 2023	-
J. Wesley Newton	25,000	$15.06	6 May 2023	-

1. Based on the difference between the market value of the Common Shares at December 31, 2018 and the exercise price of the options.

RETIREMENT BENEFIT PLANS

The CEO, CFO and the other NEOs are all members of the Company's defined contribution pension plan (the **"DC Plan**") and the Company's supplemental executive retirement plan (the "SERP").

The DC Plan currently requires employee contributions equal to 6% (integrated with Canada Pension Plan deductions) of the maximum pension adjustment amount. No contributions are required for the SERP, which is an unfunded general liability of the Company.

The table below sets out the estimated pension benefits for the CEO, CFO, and the NEOs. Remuneration covered by the two plans which are based on salary only.

Defined Contribution Table – DC Plan and SPP

Name and Principal Position	Accumulated Value At Start of Year	Compensatory Change	Accumulated Value at End of Year
Ken Bloch Soerensen President and Chief Executive Officer	$209,900	$60,200	$272,600
Peter D. Winkley Chief Financial Officer	$306,900	$30,200	$338,600
Gregg A. Ruhl, Chief Operating Officer	$94,200	$30,200	$128,800
J. Wesley Newton Senior Vice-President, Corporate Development and General Counsel	$126,500	$15,800	$144,700
Brad L. Tiffin Senior Vice-President, Operations	$58,600	$18,000	$86,800

Normal Retirement Pension – Defined Contribution Members

NEOs who are members of the DC Plan accumulate a balance in their DC Plan account based on annual contributions calculated using the current defined contribution formula of 12% of their base salary up to the maximum annual limits as prescribed by Canada Revenue Agency.

In addition, these NEOs accumulate a balance in their SERP account, which is an unregistered non-contributory specified pension plan based on annual contributions equal to 12% of their base salary less amounts contributed to the DC Plan. Amounts accumulated in the SERP accrue additional entitlement annually based on the average return earned by the master fund of the Company's defined benefit pension plan.

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

The defined contribution table reflects the accumulated amounts under both the registered DC Plan and the unregistered SERP as at December 31, 2018.

Early Retirement Pension

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

EMPLOYMENT CONTRACTS

Employment contracts are in place for all NEOs. The contracts set out the principal terms of the employment relationship with the Company, including the individual's overall role, the expectations of the Company around business practices including confidentiality, ethical behaviour and conflict of interest and the terms of compensation arrangements. In addition, the contracts detail the severance payments that will be provided on termination of employment and the consequent obligations of non-competition and non-solicitation. The contracts do not provide specific benefits associated with a change of control of the Company.

The contracts for the NEOs include termination provisions that specify the following:

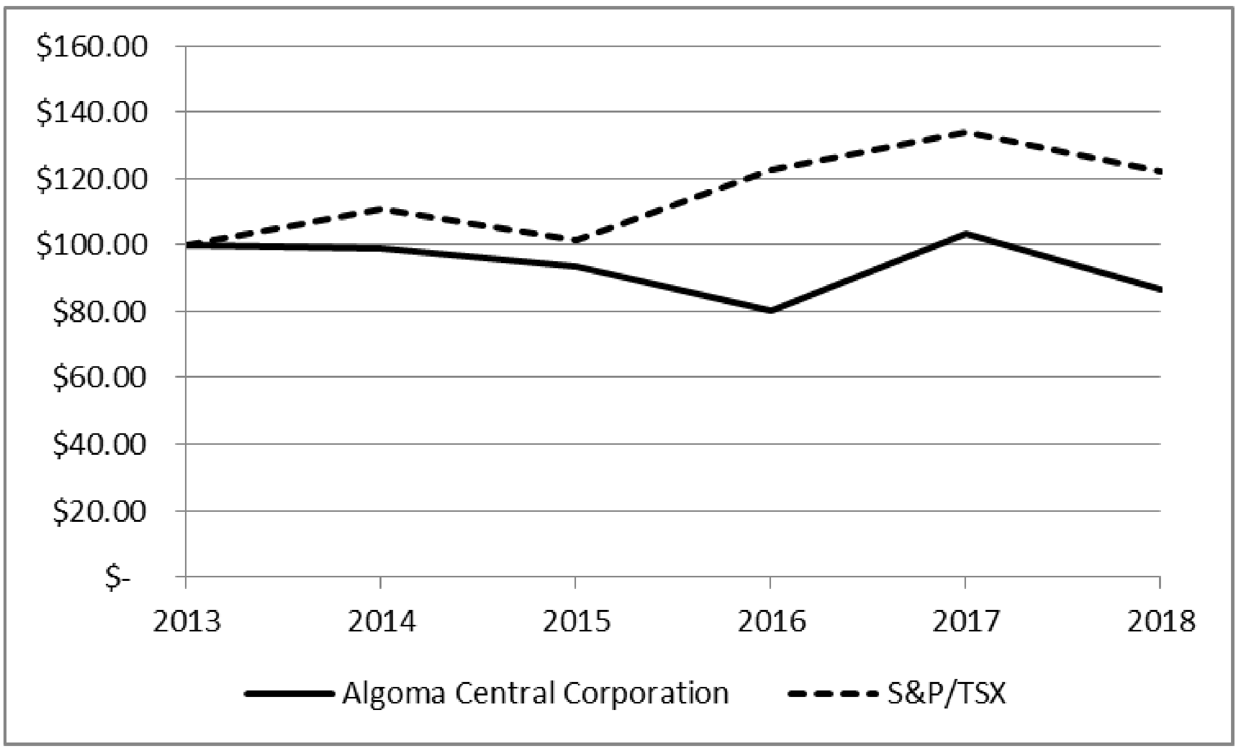
- A NEO can be terminated for cause without payment of compensation.
- In the event that the Company terminates the employment of a NEO without just cause, or the NEO resigns for good reason (as defined in the contract), the NEO is entitled to:
    - Twelve month's base salary plus one additional month per year for each year of completed service after an agreed commencement date, which varies by individual. This termination compensation is subject to a maximum of 22 months in aggregate (the "Severance Period");
    - A payment in lieu of his or her annual incentive compensation award at target, pro-rated to the date of termination, together with a payment for the value of any previously awarded but unvested MTIP units;
    - A further payment representing the pro-rated value of the annual incentive compensation award, at target, through the Severance Period;
    - Continuation of regular contributions to maintain the NEO's participation in all medical group insurance benefit plans or programs the NEO participated in immediately prior to the termination of the NEO's employment during the Severance Period (except for short-term and long-term disability insurance, for which the period of contributions will cease on the date of termination), provided the insurer of such benefits agrees to continue coverage of the NEO; and
    - Continuation of the NEO's participation in the CP Plan during the Severance Period.

Performance Graph

The following graph compares changes over the five years ended December 31, 2018 in the value of $100 invested at January 1, 2014 in Common Shares of the Company and in the TSX S&P Composite Index, assuming reinvestment of dividends. Over this five-year period, the total shareholder returns on the S&P/TSX Composite Index has exceeded the total shareholder return on the Common Shares.

There is no specific linkage between share price performance and the Company's executive compensation program. During the five year period between January 1, 2104 and December 31, 2018, the total return index of the Company's Common Shares declined 13% (including re-invested dividends) while the total return index of the TSX S&P Composite Index rose 22%.

In 2015 and 2016, the Company experienced generally softer revenues and earnings and during 2016 the Company launched a new global expansion. In 2017, results showed general improvement and the total return index climbed above 100. The price of Common Shares of the Company declined in 2018 along with a general decline in the TSX.



COMPENSATION OF DIRECTORS

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

During 2018, each director of the Company was paid $26,090 for serving as a director, $6,925 for each committee of the Board on which the director served, $5,765 to $13,200 for each committee of the Board on which the director served as Chairman and $1,945 per meeting of the Board or of a committee that the director attended in person or by telephone. The Chairman is paid an annual retainer of $269,275 and is not entitled to meeting or committee fees. From time to time, the Company invites Board members to attend meetings of management for informational purposes. Members who attend such meetings are paid a fee equal to the per-meeting Board fee. Total fees for 2018 are set out below.

Name	Fees Earned	Share-based Awards	Option-based Awards	Non-equity Incentive Plan Compensation	Pension Value	All Other Compensation	Total
Richard B. Carty	$98,455	Nil	Nil	Nil	Nil	Nil	$98,455
Paul Gurtler	$71,060	Nil	Nil	Nil	Nil	Nil	$71,060
E. M. Blake Hutcheson	$63,380	Nil	Nil	Nil	Nil	Nil	$63,380
Duncan N. R. Jackman	$269,275	Nil	Nil	Nil	Nil	Nil	$269,275
Mark McQueen	$54,196	Nil	Nil	Nil	Nil	Nil	$54,196
Clive P. Rowe	$97,181	Nil	Nil	Nil	Nil	Nil	$97,181
Harold S. Stephen	$95,716	Nil	Nil	Nil	Nil	Nil	$95,716
Eric Stevenson	$93,475	Nil	Nil	Nil	Nil	Nil	$93,475

Directors' and Officers' Insurance

The Company maintains directors' and officers' liability insurance with a policy limit of $10 million in the aggregate subject to certain exclusions and deductibles. Generally, under this insurance, the Company is reimbursed for payments made under corporate indemnity provisions on behalf of its directors and officers, and individual directors and officers are reimbursed for losses arising during the performance of their duties for which they are not indemnified by the Company. There is no deductible payable in respect of direct reimbursement of directors and officers and there is a $75,000 deductible for each loss in respect of corporate reimbursement. The annual premium for such insurance for 2018 was $18,000.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

General

The primary responsibility for managing the Company lies with the Board, although day-to-day management of the business of the Company is carried out by the Company's officers and employees. The Board sets policies and goals for management of the Company and supervises the implementation of those policies and goals. Certain duties more effectively carried out by a smaller number of directors are delegated to various committees of the Board (a "**Committee**"), which report to the Board with their recommendations. The Corporate Governance Committee is charged with the responsibility of at least annually assessing the effectiveness and contribution of the Board and its committees and the competencies and skills of the directors and reporting the results of that assessment to the Board. In addition, the Company's Board and its Corporate Governance

Committee have carried out a study of the current corporate governance initiatives of Canadian regulators (including National Instrument 58-101 – *Disclosure of Corporate Governance Practices*) in order to ensure that the Company's approach to corporate governance is current, appropriate and effective. The Board and the Corporate Governance Committee are satisfied that the Company's corporate governance practices meet these standards.

Mandate of the Board of Directors

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

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

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

Position Descriptions

The Board, relying on its various Committees, appoints and monitors senior management and determines compensation to be paid to senior management. Currently there is no written mandate for the CEO; however, the Corporate Governance Committee sets and reviews objectives relating to management of the Company, including asset management, fiscal performance and effective use of human resources with the overall objective of maximizing shareholder value. The Board approves and develops the corporate objectives that the CEO is responsible for meeting. Salaries and bonus allocations to senior management are based in large part on these deliberations.

By establishing and maintaining proper communication channels, the Company ensures that the Board, its Committees and management of the Company can carry out their respective functions. Shareholder concerns are addressed by the CEO or the appropriate person in the organization. Major corporate decisions are disclosed to the public through timely press releases. The Company has a policy on disclosure controls which is reviewed and approved annually by the Board, through the Audit Committee, to ensure compliance with regulatory requirements.

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

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

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

Ethical Business Conduct

The Board has adopted a Code of Conduct (the "**Code**") for the Company's directors, officers and employees which is publicly available on the Company's website. The Code and compliance therewith is reviewed and approved regularly by the Board through the Corporate Governance Committee. The Company also has in place a policy for employee complaints on accounting and auditing matters.

The Board monitors the ethical conduct of the Company and management and ensures that it complies with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges. The Company abides by all legal, accounting and technical reporting standards using professionally qualified and experienced staff and employs outside consultants where additional assistance or specialized expertise is required. In addition, the Board itself must comply with the conflict of interest provisions of the CBCA, as well as relevant securities regulatory instruments, in order to ensure that directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.

Nomination of Directors

The Corporate Governance Committee serves as the Company's nominating committee. All five directors on the Corporate Governance Committee are independent. The Corporate Governance Committee is required to review at least annually the size, conduct, composition and structure of the Board and its various committees. The Corporate Governance Committee is responsible for establishing the criteria for selection of new or additional Board members and will identify and recommend potential candidates for such selection. The actual decision as to who should be nominated is the responsibility of the full Board after considering the recommendations of the Corporate Governance Committee.

Compensation

The Corporate Governance Committee serves as the Company's compensation committee. The Corporate Governance Committee reviews and makes recommendations to the Board respecting compensation of directors and senior officers. Compensation of individual directors reflects attendance at Board meetings and participation on Committees. The Board reviews from time to time the adequacy and form of compensation of directors to ensure that the compensation realistically reflects the responsibility and risk involved in being an effective director. See the "*Remuneration of Directors and Executive Officers – Compensation of Directors*" section in the Circular.

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

Composition of the Board

The Board currently consists of eight directors. All sitting directors serve on at least one committee and all directors are able to devote as much time as a director of the Company as is necessary to fulfill the obligations as such.

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

E-L Financial Corporation Limited ("**E-L**") and companies acting in concert with it (the "**Significant Shareholder**") control in the aggregate 29,340,740 Common Shares (76.36%). Duncan N. R. Jackman, a director of the Company, is a director of E-L and an officer of E-L and Richard B. Carty, a director of the Company, is an officer of E-L. Apart from Messrs. Jackman and Carty, none of the other directors have an interest in or relationships with either the Company or the Significant Shareholder.

Notwithstanding the foregoing, the Board and each director, having individually considered their respective interests and relationship and having received and considered professional advice, have determined that as of March 1, 2019, all directors are independent.

The independent directors do not hold regularly scheduled meetings at which any non-independent directors and members of management are not in attendance. Each regularly scheduled meeting of the Board includes an in-camera session from which all members of management are excluded.

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

Independence of the Board from management is achieved by separating the functions of the CEO and the Chairman of the Board. The Board has not felt it necessary to exclude the CEO from deliberation other than in respect of personal remuneration matters; however, the CEO is not a director of the Company.

Board members are selected based on the skill and experience they bring to the Company. The Company has not historically provided an orientation or education program for new directors as there is little turnover of members of the Board and all of the current directors have a history of directorship in other public corporations. Instead, the Company provides necessary education (through management and outside professional advisers) on specific issues as they arise.

Board Effectiveness and Renewal

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and its Committees. The skills and needs of the Board are regularly discussed by Board members, although not as part of a formal assessment process. The Company has not adopted term limits for Board members; however, the Board has a mandatory retirement age of 75.

It is expected that if an individual director is found or finds that he or she is unable to contribute due to ability, lack of time or commitment, the individual would either resign or request not to be nominated for re-election; however, the Board has satisfied itself that the Board and its various Committees and individual directors are performing effectively through the regular interaction between Board members.

The Company has not adopted a written policy relating to the identification and nomination of women directors. The Board's view is that directors are identified and nominated from time to time, regardless of gender, in consideration of the skills and needs of the Board.

The Company's human resources goal, at the executive level and throughout management, is to recruit and retain the most qualified person for any position. The Company has not adopted a target regarding women on the Board or in executive positions. The Company believes its processes are effective at identifying and selecting the best candidate for the position being sought to fill, whether an executive level or a Board position. There are no directors who are women. There is one female executive (out of 13, or 8%).

Directorships

In addition to their principal occupations, the following directors of the Company are currently directors of the following other reporting issuers:

Name of Director	**Name of Reporting Issuer**
Duncan N. R. Jackman	Dream Unlimited Corp. Dream Global REIT First National Financial Corporation Labrador Iron Ore Royalty Corporation The Empire Life Insurance Company E-L Financial Corporation Limited Economic Investment Trust Limited
Harold S. Stephen	TD Asset Management Corporate Class Funds
Clive P. Rowe	E-L Financial Corporation Limited The Empire Life Insurance Company

Attendance at Board Meetings

The attendance for each director for the nine board meetings and for the Committee meetings since the beginning of the most recently completed financial year is as follows:

Name	Board Meetings Attended	Committee Meetings Held	Committee Meetings Attended
Richard B. Carty	9	9	9
Paul Gurtler	9	2	2
E. M. Blake Hutcheson	7	6	3
Duncan N. R. Jackman	9	3	2
Mark McQueen	6	5	5
Clive P. Rowe	9	5	4
Harold S. Stephen	9	8	8
Eric Stevenson	9	5	5

Board Committees

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

Executive Committee

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

Audit Committee

The Company is required to have an Audit Committee. The Audit Committee of the Board is composed of four independent directors and meets four times per year. The mandate of the Audit Committee is to do all things required by applicable securities laws of an audit committee, including the review of the audited annual financial statements of the Company and acting as liaison between the Company and the external auditors. Additional disclosure respecting the Audit Committee is included in section 13 of the annual information form (the "**AIF**") of the Company for the financial year ended December 31, 2018, which is incorporated by reference herein and is filed on SEDAR. Upon request, a copy of the AIF will be provided free of charge to any shareholder or other interested party.

Environmental Health and Safety Committee

The Environmental, Health and Safety Committee of the Board (the "**EH&S Committee**") is composed of four independent directors. This EH&S Committee receives regular reports from management and meets with management twice each year to review environmental matters. This Committee also addresses health and safety issues affecting the Company's employees.

Corporate Governance Committee

The Corporate Governance Committee is composed of five independent directors. This Committee meets at least three times per year to review corporate governance issues.

The Corporate Governance Committee reviews and makes recommendations to the Board respecting compensation of directors and senior officers, sets criteria for the selection of new directors and recommends nominees to the Board. This Committee also monitors the Company's compliance with all regulatory requirements under applicable pension legislation.

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

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

Investment Committee

The Investment Committee is composed of four independent directors and the CEO of the Company. The main function of the Investment Committee is to review management's investment proposals that are either not core to the Company's strategy or within categories of investment parameters previously delegated by the Board. The Investment Committee reviews, provides feedback and approves actions only with respect to investment proposals, if any, which require immediate decision. Such decisions are reviewed at the next meeting of the Board.

OTHER MATTERS

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 Common Shares which were issued and outstanding as at the close of business on January 16, 2018 (the "**NCIB**").

Subject to prescribed exceptions, the Company was allowed to purchase up to 1,838 Common Shares per day, representing 25% of the average daily trading volume of 7,353 Common Shares per day during the six months ending December 31, 2017. The Company was able to buy back Common Shares anytime during the 12-month period beginning on January 29, 2018 and ending on January 28, 2019, or on such earlier date as the Company may complete its purchases pursuant to the NCIB, or provide notice of termination. Share purchases under the NCIB were conducted through the facilities of the TSX and other Canadian marketplaces/alternative trading systems.

The Company purchased 137,600 Common Shares under the NCIB prior to it lapsing on January 28, 2019 for a total cost of $1,910,485.

The Company intends to renew its normal course issuer bid upon receipt of the required approvals from regulatory authorities.

Shareholder Proposals

A registered shareholder or beneficial owner of Common Shares may (a) submit to the Company notice of any matter that the person proposes to raise at the next annual meeting of shareholders of the Company (a "**proposal**"); and (b) discuss at the meeting any matter in respect of which the person would have been entitled to submit a proposal, subject to the requirements under section 137 of the CBCA. The Company shall set out such proposal and the accompanying supporting statement, if any, in the management information circular for the next annual meeting of shareholders, provided that the proposal is submitted to the Company at least 90 days before the anniversary date of the notice of meting that was sent to shareholders in connection with the previous annual meeting of shareholders and satisfies the other requirements of section 137 of the CBCA. No shareholder proposals were received by the Company with respect to the Meeting.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR at www.SEDAR.com or on the Company's website. Copies of the Company's Financial Statements and accompanying management's discussion & analysis for the fiscal year ended December 31, 2018 are also available on SEDAR or at www.algonet.com/investor-relations/. Shareholders may request copies be sent to them free of charge by contacting the Secretary of the Company, Suite 600, 63 Church Street, St. Catharines, ON L2R 3C4 or by calling 905-687-7894 or 1-888-999-1883 (toll free in North America). Financial information with respect to the Company is provided in the Company's comparative financial statements and accompanying management discussion and analysis for the most recently completed financial year.

BOARD APPROVAL

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

J. Wesley Newton
Secretary

Toronto, Ontario
March 1, 2019

CONTACT INFORMATION

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