

FOR IMMEDIATE RELEASE
May 9, 2006

ALGOMA CENTRAL CORPORATION
Operating Results to March 31, 2006 and 2005

(in thousand of dollars except per share data)

	Three Months Ended March 31	
	2006	2005 Restated
Revenue from continuing operations	\$ 52,777	\$ 47,851
Net earnings before changes in accounting policies	\$ 7,233	\$ 4,179
Effect of change in accounting for:		
Repairs and maintenance	\$ (17,656)	\$ (16,740)
Amortization	(2,466)	(2,423)
Total	\$ (20,122)	\$ (19,163)
Net (loss) earnings		
Continuing operations	\$ (12,889)	\$ (15,620)
Discontinued operations	-	636
Total	\$ (12,889)	\$ (14,984)
(Loss) earnings per common share		
Continuing operations	\$ (3.31)	\$ (4.01)
Discontinued operations	-	0.16
Total	\$ (3.31)	\$ (3.85)

As a result of an exposure draft issued by the Canadian Institute of Chartered Accountants, the Corporation has reviewed the way it accounts for repair and maintenance costs of the domestic dry-bulk and product tanker fleets and the amortization expense of the domestic dry-bulk fleet. The Corporation has decided to change the recognition of repair and maintenance costs to expense the costs as incurred, which is generally during the winter season (January through to March) when vessel traffic is impeded by the winter weather conditions, and to amortize the domestic dry-bulk fleet over twelve months rather than nine. Historically the Corporation has recognized these expenses evenly over the April to December operating season.

The effect on net earnings for the three months ended March 31, 2006 and 2005 is as follows:

- For the change relating to repairs and maintenance costs, net earnings were reduced by \$17,656 and \$16,740, respectively.
- For the change relating to amortization expense, net earnings were reduced by \$2,466 and \$2,423 respectively.

The above two changes on a combined basis reduced net earnings for the three months ended March 31, 2006 and 2005 by \$20,122 and \$19,163, respectively.

The impact of the change in accounting policies on net earnings for 2005 by quarter is as follows:

	As previously reported	Adjustment	Restated
Quarter 1	\$ 4,179	\$ (19,163)	\$ (14,984)
Quarter 2	9,246	6,830	16,076
Quarter 3	10,003	5,956	15,959
Quarter 4	8,113	6,311	14,424
Total	<u>\$ 31,541</u>	<u>\$ (66)</u>	<u>\$ 31,475</u>

The Corporation is reporting a net loss for the three months ended March 31, 2006 of \$12,889 compared to a net loss of \$14,984 for the same period in 2005.

Excluding these adjustments, net earnings for the three months ended March 31, 2006 would have been \$7,233, compared to \$4,179 for the 2005 first quarter, an increase of \$3,054. The increase in earnings was due primarily to increases in the domestic dry-bulk and product tanker segments with minor increases in earnings in the ocean shipping and real estate segments. The domestic dry-bulk segment earnings improved due mainly to additional operating days: the product tanker segment earnings improved principally due to additional operating days as a result of the *Algosea* entering service in July 2005, and reduced earnings for the three months ended March 31, 2005 due to costs associated with the wind-up of U.S. operations relating to the transfer of registration of a tanker vessel from U.S. to Canadian flag. Also in 2005 the Corporation had a gain on the sale of a vessel which it did not have in 2006.

On April 21, 2006, the Corporation completed the purchase of a product tanker, the *Amalienborg*, a 1998 built double-hulled petroleum products tanker, from Borg Tankers I Limited, Bermuda at a cost of \$30.5 million. This vessel is a sister ship to the *Algosea*, formerly the *Aggersborg*, which was purchased in July 2005, also from Borg Tankers. The *Amalienborg* is currently trading in Northern Europe and the Mediterranean and will remain in this trade for approximately one year.

On May 9, 2006, the Board of Directors declared a dividend of \$0.35 per common share payable on June 1, 2006 to shareholders of record on May 18, 2006.

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