ALGOMA CENTRAL CORPORATION INTERIM REPORT TO SHAREHOLDERS

For the Three and Six Months Ended June 30, 2020 and 2019

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General

This Management's Discussion and Analysis ("MD&A") of the Company should be read in conjunction with its interim condensed consolidated financial statements for the three and six months ended June 30, 2020 and 2019 and related notes thereto and has been prepared as at August 6, 2020.

This MD&A has been prepared by reference to the disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" of the Canadian Securities Administrators. Additional information on the Company, including its 2019 Annual Information Form, is available on the SEDAR website at *www.sedar.com* or on the Company's website at *www.algonet.com*.

Important Information About This MD&A

The reporting currency used is the Canadian dollar and all amounts are reported in thousands of Canadian dollars, except for per share data, and unless otherwise noted.

Forward-Looking Statements

Algoma Central Corporation's public communications often include written or oral forward-looking statements. Statements of this type are included in this document and may be included in other filings with Canadian securities regulators or in other communications. All such statements are made pursuant to the safe harbour provisions of any applicable Canadian securities legislation. Forward-looking statements may involve, but are not limited to, comments with respect to our objectives and priorities for 2020 and beyond, our strategies or future actions, our targets, expectations for our financial condition or share price and the results of or outlook for our operations or for the Canadian, U.S. and global economies. The words "may", "will", "would", "should", "could", "expects", "plans", "intends", "trends", "indications", "anticipates", "believes", "estimates", "predicts", "likely" or "potential" or the negative or other variations of these words or other comparable words or phrases, are intended to identify forward-looking statements.

By their nature, forward-looking statements require us to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that predictions, forecasts, conclusions or projections will not prove to be accurate, that our assumptions may not be correct and that actual results may differ materially from such predictions, forecasts, conclusions or projections. We caution readers of this document not to place undue reliance on our forward-looking statements as a number of factors could cause actual future results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements.

The future outcomes that relate to forward-looking statements may be influenced by many factors, including but not limited to:

- the economic impact of COVID-19 in Canada, the US, and other global markets.
- general economic and market conditions in the countries in which we operate;
- our ability to attract and retain quality employees;
- interest rate and currency value fluctuations;
- our ability to execute our strategic plans and to complete and integrate acquisitions;
- critical accounting estimates;
- operational and infrastructure risks;
- on-time and on-budget delivery of new ships from shipbuilders;
- general political conditions;
- labour relations with our unionized workforce;
- the possible effects on our business of war or terrorist activities;
- disruptions to public infrastructure, such as transportation, communications, power or water supply, including water levels;
- technological changes;
- significant competition in the shipping industry and from other transportation providers;
- reliance on partnering relationships;
- appropriate maintenance and repair of our existing fleet by third-party contractors;
- health and safety regulations that affect our operations can change and be onerous and the risk of safety incidents can affect results;
- a change in applicable laws and regulations, including environmental regulations, could materially affect our results; economic conditions may prevent us from realizing sufficient investment returns to fund our defined benefit plans at the required levels;
- our ability to raise new equity and debt financing if required;
- weather conditions or natural disasters;
- the seasonal nature of our business; and
- risks associated with the lease and ownership of real estate.

This should not be considered a complete list of all risks to which the Company may be subject from time to time. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider these factors, as well as other uncertainties and potential events and the inherent uncertainty of forward-looking statements.

The Company does not undertake to update any forward-looking statements, whether written or oral, that may be made, from time to time, by the organization or on its behalf, except as required by law. The forward-looking information contained in this document is presented for the purpose of assisting our shareholders in understanding our financial position as at and for the periods ended on the dates presented and our strategic priorities and objectives and may not be appropriate for other purposes.

For more information, please see the discussion of risks in the Company's Annual Information Form for the year ended December 31, 2019, which outlines in detail certain key factors that may affect the Company's future results. The Annual Information Form can be found on the Company's website at www.algonet.com and on SEDAR at www.sedar.com.

Impact of COVID-19

The outbreak of the COVID-19 pandemic was first felt in a material way in North American markets during March this year and began to affect our businesses more significantly during the second quarter. The impacts included reductions in demand from customers in certain sectors, restrictions on trade channels, including port access, and travel limitations affecting crew changes. Financially, the Company has experienced reduced revenues and higher operating costs because of the pandemic. Although we have not been made aware of any significant customer experiencing financial distress, we are actively monitoring accounts receivable collections, alert for any indication that increased controls over the granting of credit or increased provisions for uncollectible receivables may be warranted.

Doubt about the future path of the pandemic has added significant uncertainty to the outlook for the balance of fiscal 2020. While marine transportation has been deemed an essential service, ultimately, our businesses are dependent on demand from six key sectors of the economy. At this time, we believe that each of the underlying industrial sectors will be affected differently. Based on discussions with customers and our experience in the second quarter, we expect construction activities and the iron and steel industry to continue to be the most impacted. Despite the more positive demand outlook in certain sectors, overall our volumes for 2020 will be down compared to the prior year. The costs associated with maintaining safe operating conditions during this time will also impact our full year results and we expect that our results for the year overall may be lower than prior years.

The duration of the pandemic and its overall effect on the economy is very uncertain and depends on factors outside of the control of the Company, including government policy and medical science. Government policy initiatives to date have been effective in maintaining the generally smooth operation of financial markets, which is important for Algoma as our senior debt matures in 2021. Our ability to refinance that debt under reasonable terms will be directly impacted by the general credit conditions in place when we undertake the refinancing and we are actively monitoring market conditions because of this.

We regularly consider the value of our assets and the exposure of these assets to potential impairment. Such assessments are, by their nature, dependent on forecasts of future financial performance. Such forecasting is subject to uncertainty in normal times and the pandemic adds significant complexity and uncertainty to these forecasts. Meaningful declines in our expectations for future financial performance could result in impairment provisions in future periods.

Impact of Seasonality on the Company

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.

Ocean Self-Unloaders

Algoma participates in the world's largest pool of ocean-going self-unloaders (the "Pool"). The Pool's commercial results reflect a pro-rata share of Pool revenue and voyage costs (in operating expenses) for eight 100% owned ships. The costs incurred to operate these ships are also recorded in operating expenses. Earnings from partially owned ships are included in the Company's joint venture, Marbulk. Algoma does not incur selling expenses on ocean self-unloader business, but instead pays a commercial fee to the Pool manager, which is reflected as an operating expense.

Global Short Sea Shipping

Revenue from the Global Short Sea segment, in which we participate via joint ventures, is not included in the consolidated revenue figure. The Company's 50% share of net earnings, adjusted for amortization arising from vessel purchase price allocation and intangibles, is included in net earnings of joint ventures in our Interim Condensed Consolidated Statement of Earnings.

Use of Non-GAAP Measures

The following summarizes non-GAAP financial measures utilized in this MD&A. As there is no generally accepted method of calculating these financial measures, they may not be comparable to similar measures reported by other corporations.

EBITDA refers to earnings before interest, taxes, depreciation, and amortization and the Company includes its share of the EBITDA of its equity interest in joint arrangements in this measure. EBITDA is not a recognized measure for financial statement presentation under generally accepted accounting principles as defined by IFRS. EBITDA is not intended to represent cash flow from operations and it should not be considered as an alternative to net earnings, cash flow from operations, or any other measure of performance prescribed by IFRS. The Company's EBITDA may also not be comparable to EBITDA used by other corporations, which may be calculated differently. The Company considers EBITDA to be a meaningful measure to assess its operating performance in addition to other IFRS measures. It is included because the Company believes it can be useful in measuring its ability to service debt, fund capital expenditures, and expand its business, and a metric that is based on it is used by credit providers in the financial covenants of the Company's senior secured long-term debt.

Adjusted Measures

Management assesses results on a reported and adjusted basis and considers both as useful measures of performance. Adjusted results remove items of note from reported results and are used to calculate the adjusted measure noted below. Items of note include certain items of significance that arise from time to time which management believes are not reflective of underlying business performance. We believe that adjusted measures provides the reader with a better understanding of how management assesses underlying business performance and facilitate a more informed analysis of trends.

Adjusted Basic Earnings per Share

The Company adjusts reported Basic Earnings per Share to remove the impact of items of note, net of income taxes, and any other items specified to calculate the Adjusted Basic Earnings per Share.

Return on Equity

Return on equity is net earnings as a percent of average shareholders' equity.

Financial Highlights

Consolidated revenue for the three months ended June 30, 2020 was $151,270 a decrease of 5% compared to $159,169 reported for the same period in 2019. The decrease in the 2020 second quarter was primarily driven by lower fuel costs and correspondingly lower fuel cost recovery charges. In addition, a reduction in volumes in the Domestic Dry-Bulk segment led the Company to leave two vessels in laid-up status when the season opened and to take a third vessel out of service late in the quarter due to declining volumes. There was also a decline in the use of of outside charters in the Product Tanker segment in the 2020 quarter. Revenue was higher in the Ocean Self-Unloader segment as a result of an increase in revenue days due to the larger fleet size, partially offset by the planned dry-docking of two vessels and reduced overall demand in the US construction sector.

Consolidated revenue for the six months ended June 30, 2020 was $236,367, an increase of 2% compared to $231,022 reported for the same period in the prior year. For the six months, Ocean Self-Unloader revenues were higher as a result of the increase in the fleet to eight ships compared to five ships for most of the 2019 period. This increase was partially offset by lower Domestic Dry-Bulk revenues as a result of lower fuel costs and corresponding recoveries and reduced utilization of outside charters in the Product Tanker segment.

The Global Short Sea Shipping businesses generated revenues in the 2020 second quarter of $60,741 compared to $62,471 for the same period in 2019. For the six months ended June 30, 2020 revenue was $116,113 compared to $124,153 for the same period in the prior year. The Company has a 50% interest in these businesses and does not include these revenues in its consolidated revenue figure.

Net earnings for the 2020 second quarter were $17,742, a decrease of $4,372 compared to the same period in 2019. Although operating earnings were higher year-over-year, net earnings were lower in the quarter as a result of an unfavourable foreign currency variance, higher tax expense and lower earnings from joint ventures. The net loss for the six months ended June 30, 2020 was $5,884 compared to a loss of $687 in the prior year. The higher loss was mainly a result of higher depreciation and lower earnings from joint ventures partially offset by slightly higher operating earnings and a foreign currency gain versus a loss in 2019.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 151,270**	$ 159,169	**$ 236,367**	$ 231,022
Operating earnings	**$ 28,999**	$ 28,083	**$ 1,566**	$ 1,491
Net earnings (loss)	**$ 17,742**	$ 22,114	**$ (5,884)**	$ (687)
Basic earnings (loss) per common share	**$ 0.47**	$ 0.58	**$ (0.16)**	$ (0.02)

As at	**June 30 2020**	December 31 2019
Common shares outstanding	**37,800,943**	37,824,543
Total assets	**$ 1,162,004**	$ 1,147,377
Total long-term financial liabilities	**$ 358,968**	$ 334,853

The Company uses EBITDA as a measure of the cash generating capacity of its businesses. The following table reconciles EBITDA to Net Earnings, the most comparable IFRS measure. EBITDA is determined as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Net earnings (loss)	**$ 17,742**	$ 22,114	**$ (5,884)**	$ (687)
Adjustments to net earnings:				
Depreciation and amortization	**18,642**	16,636	**37,456**	31,600
Interest, net	**5,145**	4,523	**9,950**	7,825
Foreign currency loss (gain)	**68**	(1,534)	**(174)**	604
Income tax expense (recovery)	**6,139**	4,203	**(3,494)**	(6,230)
Joint ventures				
Interest expense	**987**	1,686	**2,251**	3,350
Foreign exchange loss	**1,151**	360	**110**	617
Depreciation	**4,054**	4,632	**8,083**	8,522
Income tax expense	**23**	71	**47**	173
EBITDA	**$ 53,951**	$ 52,691	**$ 48,345**	$ 45,774

Summary of Quarterly Results

The results for the last eight quarters were as follows:

Year	Quarter	Revenue	Net Earnings (Loss)	Basic Earnings (Loss) per Share
2020	Quarter 2	$ 151,270	$ 17,742	$ 0.47
	Quarter 1	$ 85,097	$ (23,626)	$ (0.62)
2019	Quarter 4	$ 168,985	$ 3,796	$ 0.10
	Quarter 3	$ 167,901	$ 21,049	$ 0.55
	Quarter 2	$ 159,169	$ 22,114	$ 0.58
	Quarter 1	$ 71,853	$ (22,800)	(0.59)
2018	Quarter 4	$ 149,542	$ 26,003	$ 0.68
	Quarter 3	$ 158,729	$ 19,639	$ 0.51

The impact of seasonality on the domestic businesses in the first quarter limits the usefulness of year-to-date earnings figures. Trailing twelve month figures can be useful to neutralize the seasonality effect. The following summarizes the trailing twelve month results on an adjusted and unadjusted basis in each of the last eight quarters:

		Trailing Twelve Months				
Year	Quarter	Revenue	Net Earnings	Basic Earnings per Share	Adjustment to Basic Earnings per Share *	Adjusted Basic Earnings per Share
2020	Quarter 2	$ 573,253	$ 18,961	$ 0.50	$ 0.42	$ 0.92
	Quarter 1	$ 581,152	$ 23,333	$ 0.61	$ 0.42	$ 1.03
2019	Quarter 4	$ 567,908	$ 24,159	$ 0.63	$ 0.42	$ 1.05
	Quarter 3	$ 548,465	$ 46,364	$ 1.21	$ (0.28)	$ 0.93
	Quarter 2	$ 539,566	$ 44,954	$ 1.17	$ (0.26)	$ 0.91
	Quarter 1	$ 519,566	$ 37,285	$ 0.97	$ (0.26)	$ 0.71
2018	Quarter 4	$ 508,201	$ 50,943	$ 1.32	$ (0.26)	$ 1.06
	Quarter 3	$ 498,094	$ 40,915	$ 1.06	$ 0.03	$ 1.09

* The following table summarizes the Adjustment to Basic Earnings per Share, by quarter, for certain items management believes are not reflective of underlying business performance.

	2017	2018				2019				2020	
	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
(Loss) gain on shipbuilding contracts	$ —	$ —	$ —	$ (0.02)	$ 0.15	$ —	$ —	$ —	$ —	$ —	$ —
Impairment reversals (provisions)	—	—	—	—	0.13	—	—	—	(0.42)	—	—
Sale of real estate properties	(0.01)	—	—	—	—	—	—	—	—	—	—
	$ (0.01)	$ —	$ —	$ (0.02)	$ 0.28	$ —	$ —	$ —	$ (0.42)	$ —	$ —
Trailing impact on EPS				$ (0.03)	$ 0.26	$ 0.26	$ 0.26	$ 0.28	$ (0.42)	$ (0.42)	$ (0.42)

Business Segment Discussion

Domestic Dry-Bulk

Financial Results Overview

Revenues for the Domestic Dry-Bulk segment decreased in the 2020 second quarter by $8,017 and by $4,775 for the six months ended June 30, 2020 compared to the same periods in 2019. The decrease in the second quarter was primarily driven by a 12% drop in overall volumes caused primarily by COVID-19 related production decreases put in place by certain of our customers in response to reduced end-market demand. Volumes in both the iron and steel and construction sectors were down in the quarter, offset by higher volumes in the agriculture and salt sectors. Although volumes in the segment were lower, overall base freight rates were up, partially offsetting the decrease in tonnage.

The decrease in revenue for the six months ended June 30, 2020 was a result of a 9% reduction in overall volumes primarily driven by factors in the second quarter, partially offset by improved performance in the first quarter, and an increase in overall base freight rates.

Additionally, the decline in fuel prices in world markets drove a corresponding 51% reduction in fuel recovery charges in the second quarter (45% for the six months year to date). This decrease in costs also impacts operating expenses. Fuel price volatility is passed on to customers through the fuel component of freight rates.

Operating expenses decreased by $9,536 in the 2020 second quarter and by $6,557 for the six months ended June 30, 2020 compared to the same periods in 2019. In the second quarter, the decrease was mainly due to a 15% reduction in operating days and lower crew costs. As a result of the lower volumes experienced in the quarter, three vessels have been laid up due to lack of business, including two which did not fit out at the beginning of the navigation season. Although there were fewer vessels operating during the quarter, provisioning costs were slightly higher due to steps taken to implement our COVID-19 protocols and to keep crews safe and comfortable. The year to date decrease was attributable to lower crew costs, partially offset by higher layup and provisioning costs.

The increase in depreciation expense is attributable to the addition of the Algoma Conveyor in late April of 2019.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 78,957**	$ 86,974	**$ 100,052**	$ 104,827
Operating expenses	**(50,000)**	(59,536)	**(88,049)**	(94,606)
Selling, general and administrative	**(3,191)**	(2,849)	**(6,341)**	(5,754)
Depreciation and amortization	**(6,337)**	(6,019)	**(12,642)**	(11,505)
Operating earnings (loss)	**19,429**	18,570	**(6,980)**	(7,038)
Income tax (loss) recovery	**(5,103)**	(4,792)	**1,819**	2,090
Net earnings (loss)	**$ 14,326**	$ 13,778	**$ (5,161)**	$ (4,948)

EBITDA for Domestic Dry-Bulk for the three months ended June 30, 2020 increased $1,177 compared to the same period in 2019 and $1,195 compared to the prior year. EBITDA is determined as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Net earnings (loss)	**$ 14,326**	$ 13,778	**$ (5,161)**	$ (4,948)
Adjustments to net earnings:				
Depreciation and amortization	**6,337**	6,019	**12,642**	11,505
Income tax loss (recovery)	**5,103**	4,792	**(1,819)**	(2,090)
EBITDA	**$ 25,766**	$ 24,589	**$ 5,662**	$ 4,467

Outlook

Although there are signs that the economy is slowly returning to normal following its rapid shut-down in March, we do not expect a full recovery in all of our markets before the end of 2020. Volumes in the construction sector are expected to remain soft for the remainder of the year and demand in the iron and steel industry is also not expected to improve significantly; volumes in both the agriculture and salt sectors are expected to remain strong. The fourth quarter is traditionally a busy time of year as customers typically build their inventories ahead of the system's winter closure. As a result of this replenishment activity, we are expecting volumes to begin to strengthen during this time, although tonnage may not reach normal levels. Viewed in terms of vessel lay-ups, we are anticipating two vessels will remain out of service for a significant portion of the balance of the year, although we expect to have the third vessel, which was laid up in May, back in operation in the third quarter for the balance of the year.

Product Tankers

Financial Results Overview

Revenues for Product Tankers decreased in the 2020 second quarter by $3,922 and by $6,569 for the six months ended June 30, 2020 compared to the same periods in 2019. The decrease in both periods was driven by a significant reduction in the use of outside charters compared to last year, when high customer demand necessitated significant use of chartered vessels. This was partially offset by an increase in revenue days on our own ships, which experienced full utilization, including additional days on the Algoterra, which joined our tanker fleet in mid-April last year. Revenue for the six months ended June 30, 2020 was also affected by two dry-dockings during the first quarter.

Customer requirements during the second quarter of 2020 favourably impacted earnings and utilization as longer trips formed a larger portion of our overall voyages.

Operating expenses decreased by $5,609 in the 2020 second quarter and by $5,966 for the six months ended June 30, 2020. The decrease in the second quarter was entirely due to significantly lower outside charter usage, although this was partially offset by a 3% increase in operating days reflecting the larger owned fleet size this year. A significant decrease in spending on outside charters in the year to date was offset by the dry-docking of the Algoterra and the Algonorth in the first quarter of 2020 and higher crew costs.

The increase in depreciation and amortization in both periods reflects the larger fleet size this year.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 36,021**	$ 39,943	**$ 60,446**	$ 67,015
Operating expenses	**(22,977)**	(28,586)	**(43,848)**	(49,814)
Selling, general and administrative	**(1,250)**	(1,000)	**(2,677)**	(2,056)
Depreciation and amortization	**(3,670)**	(3,226)	**(7,344)**	(6,366)
Operating earnings	**8,124**	7,131	**6,577**	8,779
Income tax expense	**(2,198)**	(1,350)	**(1,789)**	(1,787)
Net earnings	**$ 5,926**	$ 5,781	**$ 4,788**	$ 6,992

EBITDA for Product Tankers for the three months ended June 30, 2020 increased $1,437 compared to the same period in 2019 and decreased $1,224 for the six months compared to the prior year. EBITDA is determined as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Net earnings	**$ 5,926**	$ 5,781	**$ 4,788**	$ 6,992
Adjustments to net earnings:				
Depreciation and amortization	**3,670**	3,226	**7,344**	6,366
Income tax expense	**2,198**	1,350	**1,789**	1,787
EBITDA	**$ 11,794**	$ 10,357	**$ 13,921**	$ 15,145

Outlook

Utilization for the product tanker fleet is expected to be lower in the second half of 2020. Uncertainty over the impact of a temporary pipeline closure and slower economic recovery due to the COVID-19 pandemic has resulted in changes in our customers' outlooks. The rebound in Central Canadian markets is expected to result in fewer longer voyages to supply Eastern Canadian markets and correspondingly require fewer vessel days. The impact of maintenance shut-downs on customer demand is also expected to be lower.

Ocean Self-Unloaders

Financial Results Overview

Revenues in the Ocean Self-Unloader segment increased by $4,388 and by $17,326 for the three and six months ended June 30, 2020, respectively, compared to the same periods in 2019. During the second quarter, there was a 50% increase in revenue days as a result of having additional vessels in our fleet this year, as three new vessels were acquired in mid-June of last year. The increase in days was partially offset by the dry-docking of the Algoma Verity for most of the second quarter and the dry-docking of the Honourable Henry Jackman, which began in mid-June. Although the additional ships resulted in the Company reporting an increase in revenue, Pool performance was impacted in the quarter by a 21% decrease in overall volumes. Demand has dropped significantly in certain sectors as a result of COVID-19, with the construction sector experiencing the largest impact with a 33% decrease in aggregate volumes. The Pool also experienced a 6% decrease in coal volumes.

The year to date increase in revenue was driven by a 50% increase in revenue days due to the new vessels. The increase was partially offset by off-hire days, as three of the five planned 2020 dry-dockings occurred during the first half of 2020, and a 16% decrease in Pool volumes, which was primarily attributable to the lower demand during the second quarter.

Operating expenses in the second quarter of 2020 increased by $3,789 and by $12,089 for the six months ended June 30, 2020 compared to the same periods in 2019. The increase for both periods reflects a rise in operating days due to the additional vessels and an increase in dry-dock spending. With the larger fleet size, crew costs were correspondingly higher, which drives the majority of operating costs.

Unlike the Domestic Dry-Bulk segment, taking vessels out of service when there is lower demand is not a viable short-term option in the Ocean Self-Unloader segment. Although we are able to partially mitigate the impact of the volume reductions by implementing slow steaming and reducing fuel costs, any decrease in revenues substantially falls through to impact operating earnings.

Depreciation and amortization increased for both periods due to the larger fleet size this year.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 33,518**	$ 29,130	**$ 69,895**	$ 52,569
Operating expenses	**(21,637)**	(17,848)	**(46,067)**	(33,978)
General and administrative	**(406)**	(472)	**(782)**	(931)
Depreciation and amortization	**(7,726)**	(6,494)	**(15,648)**	(11,915)
Operating earnings	**3,749**	4,316	**7,398**	5,745
Income tax recovery	**—**	2	**—**	4
Net earnings (loss) from investments in joint ventures	**(899)**	865	**25**	137
Net earnings	**$ 2,843**	$ 5,183	**$ 7,416**	$ 5,886

EBITDA for Ocean Self-Unloaders decreased $859 for the three months ended June 30 2020 compared to the same period last year, while EBITDA for the six months ended June 30, 2020 increased $4,167. EBITDA is determined as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Net earnings	**$ 2,843**	$ 5,183	**$ 7,416**	$ 5,886
Adjustments to net earnings:				
Depreciation and amortization	**7,726**	6,494	**15,648**	11,915
Foreign currency loss	**7**	—	**7**	—
Income tax recovery	**—**	(2)	**—**	(4)
Joint Venture:				
Depreciation and amortization	**423**	741	**926**	1,259
Interest expense	**3**	175	**138**	348
Foreign exchange loss	**1,034**	298	**71**	599
Income tax expense	**59**	65	**111**	140
EBITDA	**$ 12,095**	$ 12,954	**$ 24,317**	$ 20,143

Outlook

Volumes in the aggregate and coal industries both declined as anticipated during the second quarter and we expect aggregates will continue to be impacted for the balance of the year. Coal is expected to return to more normal levels and demand for gypsum is expected to hold steady. Although we are seeing growth in this business, the segment is greatly exposed to U.S. markets and the pace of recovery for this market in the latter half of the year is uncertain.

Global Short Sea Shipping

Financial Results Overview

Global Short Sea Shipping revenues dropped 3% for the second quarter of fiscal 2020 compared to the same period in fiscal 2019. Cement revenues were 25% higher year-over-year for the quarter with the redeployment of two fleet vessels into North American trades and generally steady demand in the market. This increase was offset by a 12% decrease in mini-bulker revenues resulting from COVID-19 related reductions in customer demand and pressure on charter rates. Mini-bulker revenues were also lower due to the sale of five owned vessels since the beginning of the 2019 quarter. Charter rates for the larger handy-size vessels are set by long-term agreements, however revenues for this fleet were also lower as a result of a vessel sale that occurred in the 2019 fourth quarter.

Operating costs for the fleet improved by 3% for the quarter, coming in at 80% of revenue compared to 83% for the 2019 second quarter. Management launched a program late in the first quarter to focus on tight control of direct expenses in response to the expected commercial impact of the pandemic. Steps were also taken to tightly control general and administration expenses and eliminate any unnecessary spending. The combined impact of these activities led to a 208% increase in operating earnings despite the drop in revenues.

The segment reported gains in the second quarter of 2019 from the sale of two mini-bulkers. A small gain was realized in the second quarter of 2020, resulting from the sale of an older and non-strategic cement vessel. At the end of the quarter, the segment controlled four ocean bulkers, 16 mini bulkers, and 17 cement ships and held a 25% share of eight additional cement ships through its interest in the JT Cement joint venture.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 60,741**	$ 62,471	**$ 116,113**	$ 124,153
Operating expenses	**(48,581)**	(51,604)	**(98,514)**	(104,215)
Selling, general and administrative	**(1,876)**	(2,254)	**(4,073)**	(4,569)
Depreciation and amortization	**(6,938)**	(7,530)	**(13,675)**	(14,023)
Operating earnings (loss)	**3,346**	1,083	**(149)**	1,346
Gain on sale of vessels	**87**	2,021	**633**	3,195
Interest expense	**(1,967)**	(3,022)	**(4,226)**	(6,003)
Foreign exchange loss	**(233)**	(124)	**(78)**	(36)
Earnings (loss) before undernoted	**1,233**	(42)	**(3,820)**	(1,498)
Income tax recovery (expense)	**71**	(11)	**128**	(66)
Net earnings of joint ventures	**473**	516	**738**	975
Net loss attributable to non-controlling interest	**535**	505	**1,206**	859
Net earnings (loss)	**$ 2,312**	$ 968	**$ (1,748)**	$ 270
Company share of net earnings (loss) above	**$ 1,156**	$ 484	**$ (874)**	$ 135
Amortization of vessel purchase price allocation and intangibles	**(162)**	(126)	**(319)**	(251)
Company share included in net earnings (loss) of joint ventures	**$ 994**	$ 358	**$ (1,193)**	$ (116)

EBITDA for Global Short Sea was $5,690 for the three months ended June 30 2020, a decrease of $138 compared to the same period in 2019. EBITDA for the six months ended June 30, 2020 was $8,052, a decrease of $2,148 compared to the prior year. The reduction in EBITDA is primarily attributable to the lower number of vessels across the fleets. EBITDA is determined as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Company share of net earnings (loss) from investments in joint ventures	**$ 994**	$ 358	**$ (1,193)**	$ (116)
Adjustments to net earnings (loss):				
Depreciation and amortization	**3,631**	3,891	**7,157**	7,263
Foreign currency gain	**117**	62	**39**	18
Interest expense	**984**	1,511	**2,113**	3,002
Income tax (recovery) expense	**(36)**	6	**(64)**	33
Company share of EBITDA	**$ 5,690**	$ 5,828	**$ 8,052**	$ 10,200

Investment Properties

The Company owns a shopping centre and an apartment building located in Sault Ste. Marie, Ontario.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 1,997**	$ 2,293	**$ 4,443**	$ 4,947
Operating expenses	**(1,483)**	(1,539)	**(3,233)**	(3,485)
Depreciation	**(657)**	(657)	**(1,331)**	(1,333)
Operating earnings (loss)	**(143)**	97	**(121)**	129
Income tax recovery	**38**	31	**89**	22
Net (loss) earnings	**$ (105)**	$ 128	**$ (32)**	$ 151

Corporate

The Corporate segment consists of revenue from management services provided to third parties, head office expenditures and other administrative expenses of the Company. Revenues are also generated from rental income provided by third party tenants in the Company's head office building. Operating expenses include the operating costs of that office building.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Revenue	**$ 777**	$ 829	**$ 1,531**	$ 1,664
Operating expenses	**(242)**	(230)	**(475)**	(467)
Selling, general and administrative	**(2,443)**	(2,390)	**(5,873)**	(6,840)
Depreciation	**(252)**	(240)	**(491)**	(481)
Operating loss	**(2,160)**	(2,031)	**(5,308)**	(6,124)
Foreign currency (loss) gain	**(61)**	1,534	**181**	(604)
Interest, net	**(5,145)**	(4,523)	**(9,950)**	(7,825)
Income tax recovery	**1,124**	1,906	**3,375**	5,901
Net loss	**$ (6,242)**	$ (3,114)	**$ (11,702)**	$ (8,652)

Consolidated

For the periods ended June 30	Three Months Ended				Six Months Ended			
	2020		2019		**2020**		2019	
Revenue	**$**	**151,270**	$	159,169	**$**	**236,367**	$	231,022
Operating expenses		**(96,339)**		(107,739)		**(181,672)**		(182,350)
Selling, general and administrative		**(7,290)**		(6,711)		**(15,673)**		(15,581)
Depreciation and amortization		**(18,642)**		(16,636)		**(37,456)**		(31,600)
Operating earnings		**28,999**		28,083		**1,566**		1,491
Interest expense		**(5,185)**		(4,859)		**(10,176)**		(8,584)
Interest income		**40**		336		**226**		759
Foreign currency (loss) gain		**(68)**		1,534		**174**		(604)
Income tax (expense) recovery		**(6,139)**		(4,203)		**3,494**		6,230
Net loss from investments in joint ventures		**95**		1,223		**(1,168)**		21
Net earnings (loss)	**$**	**17,742**	$	22,114	**$**	**(5,884)**	$	(687)

Interest Expense

Interest expense increased by $326 for the three months ended June 30, 2020 and by $1,592 for the six months ended June 30, 2020 compared to the same periods in 2019. Year to date interest expense on borrowings was $1,095 higher as a result of higher average debt compared to last year. In 2019, interest capitalized on vessels under construction relates to one vessel that was completed in the quarter. Capitalized interest for 2020 relates to one vessel currently under construction.

For the periods ended June 30	Three Months Ended				Six Months Ended			
	2020		2019		**2020**		2019	
Interest expense on borrowings	**$**	**(4,840)**	$	(4,606)	**$**	**(9,429)**	$	(8,334)
Amortization of financing costs		**(272)**		(278)		**(544)**		(559)
Interest on employee future benefits, net		**(229)**		(195)		**(458)**		(390)
Interest capitalized on vessels under construction		**156**		220		**255**		699
	$	**(5,185)**	$	(4,859)	**$**	**(10,176)**	$	(8,584)

Foreign Currency (Loss) Gain

There was a foreign currency loss of $68 for the three months ended June 30, 2020 compared to a gain of $1,534 for the same period in 2019. For the six months ended June 30, 2020 there was a foreign currency gain of $174 compared to a loss of $604 for the same period in the prior year.

For the periods ended June 30	Three Months Ended				Six Months Ended			
	2020		2019		**2020**		2019	
(Loss) gain on foreign denominated cash	**$**	**(68)**	$	1,534	**$**	**174**	$	1,171
Foreign exchange loss on contract cancellation receivable		**—**		—		**—**		(1,775)
	$	**(68)**	$	1,534	**$**	**174**	$	(604)

Income Taxes

Earnings from the Company's foreign subsidiaries are taxed in jurisdictions which have nil income tax rates. The Canadian statutory rate for the Company for both 2020 and 2019 was 26.5%. Any variation in the effective income tax rate from the statutory income tax rate is due mainly to the lower income tax rates applicable to foreign subsidiaries, the effect of taxable and non-taxable items that may or may not be included in earnings and changes to income tax provisions related to prior periods.

	Three Months Ended		Six Months Ended	
For the periods ended June 30	**2020**	2019	**2020**	2019
Combined federal and provincial statutory income tax rate	**26.5 %**	26.5 %	**26.5 %**	26.5 %
Net earnings before income tax and net earnings of joint ventures	**$ 23,786**	$ 25,094	**$ (8,210)**	$ (6,938)
Expected income tax expense	**$ (6,303)**	$ (6,650)	**$ 2,176**	$ 1,839
(Increase) decrease in expense resulting from:				
Effect of items that are not (deductible) taxable	**31**	10	**(37)**	241
Foreign tax rates different from Canadian statutory rate	**999**	1,118	**1,956**	1,499
Adjustments to prior period provision	**(771)**	1,301	**(586)**	2,720
Other	**(95)**	18	**(15)**	(69)
Actual tax (expense) recovery	**$ (6,139)**	$ (4,203)	**$ 3,494**	$ 6,230

Normal Course Issuer Bid

On March 19, 2020, the Company renewed its normal course issuer bid with the intention to purchase, through the facilities of the TSX, up to 1,890,457 of its Common Shares ("Shares") representing approximately 5% of the 37,809,143 Shares which were issued and outstanding as at the close of business on March 4, 2020 (the "NCIB").

Subject to prescribed exceptions, the Company is allowed to purchase up to 1,726 Common Shares on the TSX during any trading day, representing approximately 25% of the average daily trading volume of the shares on the TSX for the past six calendar months, being 6,906 Shares. Any Shares purchased under the NCIB will be cancelled. No shares were purchased under the new bid during the quarter due to market conditions; however, 24,600 shares were bought under the expired bid and the current bid in the first quarter in 2020.

In conjunction with the renewal of the NCIB, Algoma entered into a new automatic share purchase plan (the "ASPP") with a designated broker to allow for the purchase of its 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.

Before the commencement of any particular internal trading black-out period, Algoma may, but is not required to, instruct its designated broker to make purchases of Shares under the NCIB during the ensuing black-out period in accordance with the terms of the ASPP. Such purchases will be determined by the broker in its sole discretion based on parameters established by Algoma prior to commencement of the applicable black-out period in accordance with the terms of the ASPP and applicable TSX rules. Outside of these black-out periods, Shares will continue to be purchasable by Algoma at its discretion under its NCIB.

The ASPP will commence on the Company's behalf during any quarterly blackout period of the Company and will terminate on the earliest of the date on which: (a) the maximum annual purchase limit under the NCIB has been reached; (b) Algoma terminates the ASPP in accordance with its terms; or (c) the NCIB expires. The ASPP constitutes an "automatic securities purchase plan" under applicable Canadian securities laws.

Contingencies

For information on contingencies, please refer to Note 27 of the consolidated financial statements for the years ending December 31, 2019 and 2018. There have been no significant changes in the items presented since December 31, 2019.

Transactions with Related Parties

The Company's ultimate controlling party is The Honourable Henry N. R. Jackman, together with a trust created in 1969 by his father, Henry R. Jackman. There were no transactions with related parties for the three months ended June 30, 2020.

Financial Condition, Liquidity and Capital Resources

Statement of Cash Flows

Operating Activities

The net cash generated from operating activities for the six months ended June 30, 2020 was $32,745 compared to cash generated of $36,596 for the same period in 2019. The significant contributors were a higher net loss, a decrease in net working capital and a higher amount of income taxes paid.

Investing Activities

Net cash used in investing activities decreased by $115,514 for the six months ended June 30, 2020. Fiscal 2019 included final delivery payments on two domestic vessels and final payments on the purchase of three additional ocean self-unloaders. This was offset by $66,242 received in cancellation refunds.

Financing Activities

Net cash from financing activities relates to lower net proceeds on long-term debt used for capital purchases, less an increase in repayments on long-term debt. Significant cash was withdrawn in the prior year for the purchase of five vessels. Dividends paid last year included a special dividend of $0.75.

Net inflow (outflow) of cash related to the following activities:

	Six Months Ended	
For the periods ended June 30	**2020**	2019
Net loss	**$ (5,884)**	$ (687)
Operating activities	**$ 32,745**	$ 36,596
Investing activities	**$ (28,146)**	$ (143,660)
Financing activities	**$ (3,117)**	$ 110,769

Capital Resources

The Company has cash on hand of $20,849 at June 30, 2020. Available credit facilities along with projected cash from operations for 2020 are expected to be more than sufficient to meet the Company's planned operating and capital requirements and other contractual obligations for the year.

The Company maintains credit facilities that are reviewed periodically to determine if sufficient capital is available to meet current and anticipated needs. The Company's bank credit facility (the "Facility") expires June 21, 2021 and comprises a $100 million Canadian dollar and a $100 million U.S. dollar senior secured revolving bank credit facility provided by a syndicate of seven banks. The Facility bears interest at rates that are based on the Company’s ratio of senior debt to earnings before interest, taxes, depreciation and amortization and ranges from 150 to 275 basis points above bankers’ acceptance or LIBOR rates. The Company has granted a general security agreement in favour of the senior secured lenders and has granted specific collateral mortgages covering its wholly owned vessels. The Company’s real estate assets and vessels that are not wholly owned are not directly encumbered under this Facility.

The Company is subject to certain covenants under the terms of the Bank Facility and the Notes, including ones with respect to maintaining defined financial ratios and other conditions. As at June 30, 2020, the Company was in compliance with all of its covenants.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

Disclosure Controls and Procedures

In accordance with the requirements of National Instrument 52-109 Certification of Disclosure in Issuer’s Annual and Interim Filings, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, have evaluated the effectiveness of the Company’s disclosure controls and procedures as of June 30, 2020.

Under the supervision of and with the participation of the Chief Executive Officer and the Chief Financial Officer, management has concluded that the Company’s disclosure controls and procedures were effective as of June 30, 2020.

Internal Controls over Financial Reporting

The Company's management is responsible for designing, establishing and maintaining an adequate system of internal controls over financial reporting. The internal control system was designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes, in accordance with IFRS. Because of inherent limitations, internal controls over financial reporting may not prevent or detect all misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with policies and procedures may deteriorate.

Management has used the criteria established in the 2013 Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission to assess, with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of the Company’s internal controls over financial reporting. Based on this assessment, management has concluded that the Company's internal controls over financial reporting are operating effectively as of June 30, 2020.

Changes in Internal Controls over Financial Reporting

During the year ended June 30, 2020, there have been no changes in the Company’s policies and procedures and other processes that comprise its internal control over financial reporting, that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

Contractual Obligations

The table below provides aggregate information about the Company's contractual obligations as at June 30, 2020 that affect the Company's liquidity and capital resource needs.

	2020	2021	2022	2023	2024 and Beyond
Long-term debt including equity component	$ 90,709	$ 185,264	$ 150	$ 5,196	$ 80,411
Capital asset commitments	64,528	33,975	—	—	—
Interest payments on long-term debt	7,657	9,937	4,581	4,391	2,166
	$ 162,894	$ 229,176	$ 4,731	$ 9,587	$ 82,577

Long-term debt payments for 2020 included in the table above includes $90,640 of borrowings under the Company's revolving credit facility that Management expects will be refinanced using similar short-term borrowing instruments available under that facility.

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three and Six Months Ended June 30, 2020 and 2019

Notice of disclosure of no auditor review of interim condensed consolidated financial statements pursuant to National Instrument 51-02, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators.

The accompanying interim condensed consolidated financial statements of Algoma Central Corporation for the three and six months ended June 30, 2020 and 2019 have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting as issued by the International Accounting Standards Board and are the responsibility of the Company's management. The Company's independent auditors have not performed an audit or a review of these interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Earnings

		Three Months Ended		Six Months Ended	
For the periods ended June 30	Notes	**2020**	2019	**2020**	2019
(unaudited, in thousands of dollars, except per share data)					
Revenue	4	**$ 151,270**	$ 159,169	**$ 236,367**	$ 231,022
Operating expenses		**(96,339)**	(107,739)	**(181,672)**	(182,350)
Selling, general and administrative		**(7,290)**	(6,711)	**(15,673)**	(15,581)
Depreciation and amortization		**(18,642)**	(16,636)	**(37,456)**	(31,600)
Operating earnings		**28,999**	28,083	**1,566**	1,491
Interest expense	6	**(5,185)**	(4,859)	**(10,176)**	(8,584)
Interest income		**40**	336	**226**	759
Foreign currency (loss) gain	7	**(68)**	1,534	**174**	(604)
		23,786	25,094	**(8,210)**	(6,938)
Income tax (expense) recovery	8	**(6,139)**	(4,203)	**3,494**	6,230
Net earnings (loss) from investments in joint ventures	5	**95**	1,223	**(1,168)**	21
Net Earnings (Loss)		**$ 17,742**	$ 22,114	**$ (5,884)**	$ (687)
Basic earnings (loss) per share	18	**$ 0.47**	$ 0.58	**$ (0.16)**	$ (0.02)
Diluted earnings (loss) per share	18	**$ 0.45**	$ 0.55	**$ (0.16)**	$ (0.02)

Interim Condensed Consolidated Statement of Comprehensive Earnings

		Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	Notes	**2020**	2019	**2020**	2019
Net Earnings (Loss)		**$ 17,742**	$ 22,114	**$ (5,884)**	$ (687)
Other Comprehensive Loss					
Items that may be subsequently reclassified to net earnings:					
Unrealized (loss) gain on translation of financial statements of foreign operations		**(18,266)**	(10,569)	**22,365**	(17,860)
Unrealized gain (loss) on hedging instruments, net of income tax		**7,229**	2,590	**(7,540)**	4,405
Items that will not be subsequently reclassified to net earnings:					
Employee future benefits actuarial loss, net of income tax	16	**(8,934)**	(6,190)	**(26,577)**	(8,865)
		(19,971)	(14,169)	**(11,752)**	(22,320)
Comprehensive (Loss) Earnings		**$ (2,229)**	$ 7,945	**$ (17,636)**	$ (23,007)

See accompanying notes to the interim condensed consolidated financial statements.

As at (unaudited, in thousands of dollars)	Notes	June 30 2020	December 31 2019
Assets			
Current			
Cash		$ 20,849	$ 18,865
Accounts receivable		69,482	67,612
Income taxes recoverable		13,533	7,311
Other current assets	10	22,190	20,641
		126,054	114,429
Property, plant, and equipment	11	849,967	856,387
Investments in joint ventures	5	160,179	142,794
Goodwill and intangible assets	12	9,480	11,194
Employee future benefits	16	—	4,610
Other assets	13	16,324	17,963
		$ 1,162,004	$ 1,147,377
Liabilities			
Current			
Accounts payable and accrued charges		$ 63,499	$ 63,441
Current portion of long-term debt	17	98,691	80,076
Income taxes payable		1,651	3,975
Other current liabilities	14	6,366	9,353
		170,207	156,845
Long-term debt	17	260,277	254,777
Employee future benefits	16	56,742	24,856
Deferred income taxes		39,311	48,480
Other long-term liabilities	15	1,964	1,998
		358,294	330,111
Commitments	21		
Shareholders' Equity			
Share capital	18	8,110	8,115
Contributed surplus		981	1,184
Convertible debentures		2,309	2,309
Accumulated other comprehensive loss	19	(11,125)	(25,950)
Retained earnings		633,228	674,763
		633,503	660,421
		$ 1,162,004	$ 1,147,377

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited, in thousands of dollars)	Share Capital	Contributed Surplus and Convertible Debentures	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	(Note 18)		(Note 19)		
Balance at December 31, 2018	$ 8,240	$ 11,148	$ (10,845)	$ 694,012	$ 702,555
Net loss	—	—	—	(687)	(687)
Dividends	—	—	—	(36,472)	(36,472)
Repurchase and cancellation of common shares	(47)	(2,994)	—	—	(3,041)
Other comprehensive loss	—	—	(13,455)	(8,865)	(22,320)
Balance at June 30, 2019	$ 8,193	$ 8,154	$ (24,300)	$ 647,988	$ 640,035
Balance at December 31, 2019	$ 8,115	$ 3,493	$ (25,950)	$ 674,763	$ 660,421
Net loss	—	—	—	(5,884)	(5,884)
Dividends	—	—	—	(9,074)	(9,074)
Repurchase and cancellation of common shares	(5)	(272)	—	—	(277)
Share-based compensation	—	69	—	—	69
Other comprehensive earnings (loss)	—	—	14,825	(26,577)	(11,752)
Balance at June 30, 2020	**$ 8,110**	**$ 3,290**	**$ (11,125)**	**$ 633,228**	**$ 633,503**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the six months ended June 30 (unaudited, in thousands of dollars)	Notes	2020	2019
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net loss		**$ (5,884)**	$ (687)
Net loss (earnings) from investments in joint ventures	5	**1,168**	(21)
Items not affecting cash			
Depreciation and amortization		**37,456**	31,600
Gain on sale of assets		**—**	(1,917)
Other		**7,489**	3,472
Net change in non-cash working capital		**(2,066)**	6,703
Income taxes paid, net of amounts received		**(4,160)**	(1,436)
Employee future benefits paid		**(1,258)**	(1,118)
Net cash generated from operating activities		**32,745**	36,596
Investing			
Additions to property, plant, and equipment	20	**(15,029)**	(202,190)
Cancellation refunds received		**—**	66,242
Distributions received from joint ventures	5	**—**	2,078
Investment in joint ventures	5	**—**	(7,487)
Compensation payments to other pool members for retired vessels		**(3,473)**	(5,382)
Progress payments for shipbuilding contracts		**(10,369)**	—
Interest received		**725**	1,111
Proceeds on sale of property, plant, and equipment		**—**	1,968
Net cash used in investing activities		**(28,146)**	(143,660)
Financing			
Interest paid		**(9,189)**	(7,898)
Proceeds of long-term debt		**71,214**	163,907
Repayments on long-term debt		**(56,044)**	(6,620)
Repurchase of common shares	18	**(277)**	(3,042)
Dividends paid		**(8,821)**	(35,578)
Net cash (used in) generated from financing activities		**(3,117)**	110,769
Net change in cash		**1,482**	3,705
Effects of exchange rate changes on cash held in foreign currencies		**502**	(2,574)
Cash, beginning of period		**18,865**	25,539
Cash, end of period		**$ 20,849**	$ 26,670

See accompanying notes to the interim condensed consolidated financial statements.

Notes to the Interim Condensed Consolidated Financial Statements

1. ORGANIZATION AND DESCRIPTION OF BUSINESS

Algoma Central Corporation (the "Company") is incorporated in Canada and is listed on the Toronto Stock Exchange. The address of the Company's registered office is 63 Church St, Suite 600, St. Catharines, Ontario, Canada. The interim condensed consolidated financial statements of the Company for the three and six months ended June 30, 2020 and 2019 comprise the Company, its subsidiaries and the Company's interest in associated and jointly controlled entities.

The principal subsidiaries are Algoma Shipping Ltd., Algoma International Shipholdings Ltd., Algoma Tankers Limited and Algoma Central Properties Inc. The principal jointly controlled entities are Marbulk Canada Inc. (50%), NovaAlgoma Cement Carriers Limited (50%), NovaAlgoma Short-Sea Holdings Ltd. (50%) and NovaAlgoma Bulk Holdings Ltd. (50%). In addition, Algoma Shipping Ltd. and Marbulk Canada Inc. are members of an international pool arrangement (the "Pool"), whereby revenues and related voyage expenses are distributed to each Pool member based on an agreed formula representing the earnings capacity of the vessels.

Algoma Central Corporation owns and operates the largest fleet of dry and liquid bulk carriers operating on the Great Lakes – St. Lawrence Waterway. The Company's Canadian flag fleet consists of self-unloading dry-bulk carriers, gearless dry-bulk carriers and product tankers.

The Domestic Dry-Bulk marine transportation segment includes ownership and management of the operational and commercial activities of the Company's vessel fleet. The dry-bulk vessels carry cargoes of raw materials such as iron ore, grain, salt and aggregates and operate throughout the Great Lakes – St. Lawrence Waterway, from the Gulf of St. Lawrence through all five Great Lakes. This segment also includes the operational management of vessels owned by other ship owners.

The Product Tankers marine transportation segment includes ownership and management of the operational and commercial activities of Canadian flag tanker vessels operating on the Great Lakes, the St. Lawrence Seaway and the east coast of North America.

The Ocean Self-Unloaders marine transportation segment includes ownership interests in ocean-going self-unloading vessels. The ocean vessels are engaged in the carriage of dry-bulk commodities in worldwide trades.

The Global Short Sea Shipping segment includes the Company's 50% interests in NovaAlgoma Cement Carriers Limited, NovaAlgoma Short-Sea Holdings Ltd. and NovaAlgoma Bulk Holdings Ltd.

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 a year. Due to the closing of the canal system and the winter weather conditions in the Great Lakes – St. Lawrence Waterway, the majority of the domestic dry-bulk fleet does not operate for 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 for the remaining three quarters of the year.

2. STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and using the same accounting policies and methods as were used for the Company's Consolidated Financial Statements and the notes thereto for the years ended December 31, 2019 and 2018 . The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2019 and 2018.

The reporting currency used is the Canadian dollar and all amounts are reported in thousands of Canadian dollars, except for share data and unless otherwise noted.

The interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on August 6, 2020.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In light of the COVID-19 pandemic and the related global economic downturn, the Company continues to monitor the critical accounting estimates and judgments utilized in the preparation of the interim condensed consolidated financial statements. As of the authorization date, accounting estimates for employee future benefits have been impacted as a result of the uncertainty in financial markets caused by the pandemic. See Note 16 for further information.

4. REVENUE

Disaggregated revenue by segment is as follows:

For the three months ended June 30	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
(unaudited, in thousand of dollars)						
2020						
Contract of Affreightment	$ 78,623	$ 538	$ —	$ —	$ —	$ 79,161
Time Charter	40	35,483	—	—	—	35,523
Pool Revenue Share	—	—	33,518	—	—	33,518
Other	294	—	—	1,997	777	3,068
	$ 78,957	**$ 36,021**	**$ 33,518**	**$ 1,997**	**$ 777**	**$ 151,270**
2019						
Contract of Affreightment	$ 83,918	$ 10	$ —	$ —	$ —	$ 83,928
Time Charter	2,905	39,933	—	—	—	42,838
Pool Revenue Share	—	—	29,130	—	—	29,130
Other	151	—	—	2,293	829	3,273
	$ 86,974	$ 39,943	$ 29,130	$ 2,293	$ 829	$ 159,169

For the six months ended June 30	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
(unaudited, in thousand of dollars)						
2020						
Contract of Affreightment	$ 89,162	$ 1,356	$ —	$ —	$ —	$ 90,518
Time Charter	10,481	59,090	—	—	—	69,571
Pool Revenue Share	—	—	69,895	—	—	69,895
Other	409	—	—	4,443	1,531	6,383
	$ 100,052	**$ 60,446**	**$ 69,895**	**$ 4,443**	**$ 1,531**	**$ 236,367**
2019						
Contract of Affreightment	$ 92,720	$ 10	$ —	$ —	$ —	$ 92,730
Time Charter	11,853	67,003	—	—	—	78,856
Pool Revenue Share	—	—	52,569	—	—	52,569
Other	254	2	—	4,947	1,664	6,867
	$ 104,827	$ 67,015	$ 52,569	$ 4,947	$ 1,664	$ 231,022

The Company's contract assets and liabilities are as follows:

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Contract assets		
Unbilled revenue	**$ 8,057**	$ 8,525

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Contract liabilities		
Deferred revenue	**$ 1,314**	$ 1,712

5. JOINT VENTURES

The Company has a 50% interest in Marbulk Canada Inc. ("Marbulk"), which owns and operates ocean-going vessels, a 50% interest in NovaAlgoma Cement Carriers Limited ("NACC"), which owns and operates pneumatic cement carriers to support infrastructure projects worldwide, a 50% interest in NovaAlgoma Short-Sea Holdings Ltd. ("NASH"), which owns and manages a fleet of short sea mini-bulkers operating in global markets, and a 50% interest in NovaAlgoma Bulk Holdings Ltd. ("NABH"), which owns and operates a small fleet of handy-size mini-bulkers. In the tables below, Marbulk results are presented in "Ocean Self-Unloaders" and all NovaAlgoma joint ventures are presented in "Global Short Sea Shipping".

Operating results of the Company's joint ventures are as follows:

For the three months ended June 30 (unaudited, in thousands of dollars)	**2020**		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 3,121**	**$ 60,741**	$ 2,652	$ 62,471
Operating expenses	**(1,537)**	**(48,581)**	(1,158)	(51,604)
Gain on sale of vessels	**—**	**87**	—	2,021
General and administrative	**(140)**	**(1,876)**	(198)	(2,254)
Depreciation and amortization	**(846)**	**(6,938)**	(1,481)	(7,530)
Interest expense	**(6)**	**(1,967)**	(350)	(3,022)
Foreign exchange loss	**(2,067)**	**(233)**	(595)	(124)
Compensation for pool vessel retirement	**—**	**—**	2,989	—
Other expenses	**(206)**	**—**	—	—
(Loss) earnings before undernoted	**(1,681)**	**1,233**	1,859	(42)
Net earnings of joint ventures	**—**	**473**	—	516
Net loss attributable to non-controlling interest	**—**	**535**	—	505
Income tax (expense) recovery	**(117)**	**71**	(129)	(11)
Net (loss) earnings	**$ (1,798)**	**$ 2,312**	$ 1,730	$ 968
Company share of net (loss) earnings	**$ (899)**	**$ 1,156**	$ 865	$ 484
Amortization of vessel purchase price allocation and intangibles	**—**	**(162)**	—	(126)
Company share included in net (loss) earnings of joint ventures	**$ (899)**	**$ 994**	$ 865	$ 358

The Company's total share of net earnings of the jointly controlled operations by segment are as follows:

For the three months ended June 30 (unaudited, in thousands of dollars)	**2020**	2019
Ocean Self-Unloaders	**$ (899)**	$ 865
Global Short Sea Shipping	**994**	358
	$ 95	$ 1,223

For the six months ended June 30 (unaudited, in thousands of dollars)	2020		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 5,583**	**$ 116,113**	$ 5,182	$ 124,153
Operating expenses	**(2,542)**	**(98,514)**	(2,896)	(104,215)
Gain on sale of vessels	**—**	**633**	—	3,195
General and administrative	**(295)**	**(4,073)**	(312)	(4,569)
Depreciation and amortization	**(1,852)**	**(13,675)**	(2,517)	(14,023)
Interest expense	**(275)**	**(4,226)**	(696)	(6,003)
Foreign exchange loss	**(142)**	**(78)**	(1,197)	(36)
Compensation for pool vessel retirement	**—**	**—**	2,989	—
Other expenses	**(206)**	**—**	—	—
Earnings (loss) before undernoted	**271**	**(3,820)**	553	(1,498)
Net earnings of joint ventures	**—**	**738**	—	975
Net earnings attributable to non-controlling interest	**—**	**1,206**	—	859
Income tax (expense) recovery	**(221)**	**128**	(279)	(66)
Net earnings (loss)	**$ 50**	**$ (1,748)**	$ 274	$ 270
Company share of net earnings (loss)	**$ 25**	**$ (874)**	$ 137	$ 135
Amortization of vessel purchase price allocation and intangibles	**—**	**(319)**	—	(251)
Company share included in net earnings (loss) from investments in joint ventures	**$ 25**	**$ (1,193)**	$ 137	$ (116)

The Company's total share of net (loss) earnings from the investments in jointly controlled operations by reportable operating segment are as follows:

For the six months ended June 30 (unaudited, in thousands of dollars)	2020	2019
Ocean Self-Unloaders	**$ 25**	$ 137
Global Short Sea Shipping	**(1,193)**	(116)
	$ (1,168)	$ 21

The assets and liabilities of the joint ventures by segment are as follows:

As at (unaudited, in thousands of dollars)	June 30 2020		December 31 2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 4,019**	**$ 12,449**	$ 4,670	$ 9,130
Other current assets	**1,579**	**51,968**	628	50,350
Income taxes recoverable	**52**	**43**	49	41
Property, plant, and equipment	**26,686**	**445,102**	27,177	430,180
Investment in joint ventures	**—**	**21,584**	—	19,600
Intangible assets	**—**	**45**	—	72
Other assets	**—**	**17,092**	—	12,367
Current liabilities	**(962)**	**(64,200)**	(1,543)	(59,283)
Due to owners	**(272)**	**—**	(23,235)	—
Long-term debt	**—**	**(186,542)**	—	(185,615)
Other long-term liabilities	**—**	**(23,017)**	(244)	(11,903)
Deferred income taxes	**—**	**(517)**	—	(493)
Non-controlling interest	**—**	**502**	—	(672)
Net assets of jointly controlled operations	**$ 31,102**	**$ 274,509**	$ 7,502	$ 263,774
Company share of net assets	**$ 15,551**	**$ 137,255**	$ 3,751	$ 131,887
Goodwill and other purchase price adjustments	**—**	**7,373**	—	7,156
Company share of joint venture	**$ 15,551**	**$ 144,628**	$ 3,751	$ 139,043

In April 2020, the shareholder debt in Marbulk Canada Inc. was converted to share capital resulting in an increase to the joint venture's net assets.

The Company's net investment in the jointly controlled operations by segment are as follows:

As at (unaudited, in thousands of dollars)	June 30 2020	December 31 2019
Ocean Self-Unloaders	**$ 15,551**	$ 3,751
Global Short Sea Shipping	**144,628**	139,043
	$ 160,179	$ 142,794

The Company's cash flows from joint ventures by segment are as follows:

For the six months ended June 30 (unaudited, in thousand of dollars)	**2020**		2019	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Ocean Self-Unloaders	**$ —**	**$ —**	$ —	$ —
Global Short Sea Shipping	**—**	**—**	2,078	(7,487)
	$ —	**$ —**	$ 2,078	$ (7,487)

The Company has related party relationships with its joint ventures with respect to management services, technical management services, vessel operations, and a loan receivable. The Company also guarantees loans of the joint ventures. Amounts relating to transactions with joint ventures are as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Revenue	**$ 489**	$ 485	**$ 952**	$ 1,013

For the period ended (unaudited, in thousands of dollars)	June 30 2020	December 31 2019
Accounts receivable	**$ 10,547**	$ 5,515
Loan and interest receivable	**135**	11,618
Loans guaranteed by the Company	**31,345**	30,941

6. INTEREST EXPENSE

The components of interest expense are as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Interest expense on borrowings	**$ (4,840)**	$ (4,606)	**$ (9,429)**	$ (8,334)
Amortization of financing costs	**(272)**	(278)	**(544)**	(559)
Interest on employee future benefits, net	**(229)**	(195)	**(458)**	(390)
Interest capitalized on vessels under construction	**156**	220	**255**	699
	$ (5,185)	$ (4,859)	**$ (10,176)**	$ (8,584)

7. FOREIGN CURRENCY (LOSS) GAIN

The components of net (loss) gain on foreign currency are as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
(Loss) gain on foreign denominated cash and debt	**$ (68)**	$ 1,534	**$ 174**	$ 1,171
Foreign exchange loss on contract cancellation receivable	**—**	—	**—**	(1,775)
	$ (68)	$ 1,534	**$ 174**	$ (604)

8. INCOME TAXES

A reconciliation comparing income taxes calculated at the Canadian statutory rate to the amount provided in the interim condensed consolidated financial statements is as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Combined federal and provincial statutory income tax rate	**26.5%**	26.5%	**26.5%**	26.5%
Net earnings (loss) before income tax and loss from investments in joint ventures	**$ 23,786**	$ 25,094	**$ (8,210)**	$ (6,938)
Expected income tax (expense) recovery	**$ (6,303)**	$ (6,650)	**$ 2,176**	$ 1,839
(Increase) decrease in expense resulting from:				
Effect of items that are not taxable (deductible)	**31**	10	**(37)**	241
Foreign tax rates different from Canadian statutory rate	**999**	1,118	**1,956**	1,499
Adjustments to prior period provision	**(771)**	1,301	**(586)**	2,720
Other	**(95)**	18	**(15)**	(69)
	$ (6,139)	$ (4,203)	**$ 3,494**	$ 6,230

9. LEASES

The Company reports its right-of-use asset and lease liability as part of other assets and liabilities on the consolidated balance sheet. The table below shows continuity schedules of the right-of-use assets and lease liabilities:

	Right-of-use assets		Lease liabilities	
(unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019	**June 30 2020**	December 31 2019
Opening balance	**$ 360**	$ 429	$ 376	$ 429
Additions	**265**	24	265	24
Depreciation	**(54)**	(76)	—	—
Interest accretion	**—**	—	15	24
Payments	**—**	—	(53)	(84)
Effect of foreign currency exchange differences	**17**	(17)	15	(17)
Closing balance	**$ 588**	$ 360	**$ 618**	$ 376

Depreciation expense for the right-of-use assets is recognized within depreciation and amortization expenses while interest expense for the lease liabilities is recognized within interest expense in the consolidated statement of earnings. For the six months ended June 30, 2020, these amounts correspond to the depreciation of $54 (2019 - $36) and the interest accretion of $15 (2019 - $12) reported in the table above.

Shown below is a table detailing the components of all cash payments relating to leases:

For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019
Payments - short term leases	**$ 5,213**	$ 15,100
Payments per IFRS 16	**53**	32
Non-lease components per IFRS 16	**41**	30
Total cash payments	**$ 5,307**	$ 15,162

10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Materials and supplies	**$ 8,561**	$ 10,583
Prepaid expenses	**13,308**	9,415
Loan interest receivable	**135**	634
Derivative asset	**186**	—
Right-of-use assets (Note 9)	**—**	9
	$ 22,190	$ 20,641

11. PROPERTY, PLANT, AND EQUIPMENT

Details of property, plant, and equipment are as follows:

Cost (unaudited in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
Balance at December 31, 2019	$ 18,426	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 1,295,819
Additions	1,287	4,920	1,525	7,419	37	15,188
Fully depreciated assets no longer in use	—	(1,073)	(33)	(7,983)	—	(9,089)
Effect of foreign currency exchange differences and other adjustments	2	—	—	19,173	—	19,175
Balance at June 30, 2020	**$ 19,715**	**$ 601,409**	**$ 242,781**	**$ 401,300**	**$ 55,888**	**$ 1,321,093**

Accumulated depreciation (unaudited in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
Balance at December 31, 2019	$ 11,758	$ 167,017	$ 120,534	$ 100,980	$ 39,143	$ 439,432
Depreciation expense	450	12,631	7,344	13,748	1,331	35,504
Fully depreciated assets no longer in use	—	(1,073)	(33)	(7,983)	—	(9,089)
Effect of foreign currency exchange differences and other adjustments	2	—	—	5,277	—	5,279
Balance at June 30, 2020	**$ 12,210**	**$ 178,575**	**$ 127,845**	**$ 112,022**	**$ 40,474**	**$ 471,126**

Net Book Value (unaudited in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
June 30, 2020						
Cost	$ 19,715	$ 601,409	$ 242,781	$ 401,300	$ 55,888	$ 1,321,093
Accumulated depreciation	12,210	178,575	127,845	112,022	40,474	471,126
	$ 7,505	**$ 422,834**	**$ 114,936**	**$ 289,278**	**$ 15,414**	**$ 849,967**
December 31, 2019						
Cost	$ 18,426	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 1,295,819
Accumulated depreciation	11,758	167,017	120,534	100,980	39,143	439,432
	$ 6,668	$ 430,545	$ 120,755	$ 281,711	$ 16,708	$ 856,387

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(unaudited, in thousands of dollars)	Goodwill	Intangible Assets	Total
Balance at January 1, 2019	$ 7,910	$ 7,743	$ 15,653
Additions	—	746	746
Amortization	—	(4,903)	(4,903)
Effect of foreign currency exchange differences	—	(302)	(302)
Balance at December 31, 2019	$ 7,910	$ 3,284	$ 11,194
Amortization	—	(1,875)	(1,875)
Effect of foreign currency exchange differences	—	161	161
Balance at June 30, 2020	**$ 7,910**	**$ 1,570**	**$ 9,480**

Goodwill

As part of a business acquisition in 2011, the Company recognized goodwill of $7,910 within the Domestic Dry-Bulk segment on the allocation of the purchase price, determined as the excess over the fair values of the net tangible and identifiable intangible assets acquired.

Intangible Assets

The Company owns vessels that participate in a self-unloader ocean-going Pool with unrelated parties. From April 2016 to May 2019, other Pool members withdrew certain vessels due to market overcapacity. These vessel owners were compensated for their loss of future earnings resulting from the withdrawal of the vessels. The Company's interest in the Pool increased as a result and its value, which initially was equal to the Company's share of the compensation payable to the other owners, has been recorded as an intangible asset and is being amortized over two to four years.

13. OTHER ASSETS

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Loan receivable from joint venture, interest at 4.98%	**$ —**	$ 10,984
Progress payments for shipbuilding contracts	**15,727**	6,618
Right-of-use assets (Note 9)	**588**	351
Other	**9**	10
	$ 16,324	$ 17,963

See Note 5 for additional details on the loan receivable from joint venture.

14. OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Accrued interest on long-term debt	**$ 4,491**	$ 4,488
Dividends payable	**1,711**	1,459
Lease obligations (Note 9)	**164**	59
Compensation payable to Pool members	**—**	3,347
	$ 6,366	$ 9,353

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	**June 30 2020**	December 31 2019
Deferred compensation	**$ 1,510**	$ 1,681
Lease obligations (Note 9)	**454**	317
	$ 1,964	$ 1,998

16. EMPLOYEE FUTURE BENEFITS

The COVID-19 pandemic has caused instability in global market conditions. This led to a decline in the fair value of the pension assets as well a decline in the discount rate applied to the defined benefit obligations, which resulted in the elimination of the surplus position of the defined benefit plans and an increase in employee future benefit liabilities. Pension assets have been measured as of June 30, 2020 as reported by the plan custodian and reflect the fair market value of the assets to that date. The actuarial gain/loss is recognized in other comprehensive income.

Defined benefit obligations have been determined in accordance with IAS19 standards including the determination of discount rates. The Canadian Institute of Actuaries provides guidance to actuaries, which includes a yield curve based on duration of liabilities. The June 30, 2020 guidance provided by the Canadian Institute of Actuaries incorporated adjustments to their yield curve to account for the impact of COVID-19.

17. LONG-TERM DEBT

As at (unaudited, in thousands of dollars)	June 30 2020	December 31 2019
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 80,411**	$ 80,184
Senior Secured Notes, due July 19, 2021		
U.S. $75,000, interest fixed at 5.11%	**102,210**	97,410
Canadian $75,000, interest fixed at 5.52%	**75,000**	75,000
Bank Facility, due June 21, 2021		
Prime rate loan, interest at 3.15%, payable on demand	**22,500**	15,000
LIBOR, U.S. $55,805, interest at 2.28%, due within 1 year	**76,051**	—
LIBOR, U.S. $50,000, interest at 3.91%, due within 1 year	**—**	64,940
Mortgage payable, due March 8, 2023, interest at 4.73%	**5,558**	5,625
	361,730	338,159
Less: unamortized financing expenses	**2,762**	3,306
	358,968	334,853
Less: current portion of long-term debt	**98,691**	80,076
	$ 260,277	$ 254,777

The Company is subject to certain covenants including ones with respect to maintaining defined financial ratios and other conditions under the terms of the Bank Facility and the Senior Secured Notes.

As at June 30, 2020 and December 31, 2019 the Company was in compliance with all of its covenants.

18. SHARE CAPITAL

Share capital

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

The Company had 37,800,943 common shares outstanding as at June 30, 2020 (December 31, 2019 - 37,824,543).

At June 30, 2020 and December 31, 2019 there were no preferred shares issued and outstanding.

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.13 per common share. The dividend will be paid on September 1, 2020 to shareholders of record on August 18, 2020.

The basic and diluted net earnings (loss) per share are computed as follows:

	Three Months Ended		Six Months Ended	
For the periods ended June 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Net earnings (loss)	**$ 17,742**	$ 22,114	**$ (5,884)**	$ (687)
Interest expense on debentures, net of tax	**988**	986	**1,976**	1,962
Net earnings (loss) for diluted earnings per share	**$ 18,730**	$ 23,100	**$ (3,908)**	$ 1,275
Basic weighted average common shares	**37,800,943**	38,324,748	**37,804,427**	38,368,315
Shares due to dilutive effect of debentures	**4,125,000**	3,975,473	**4,125,000**	3,938,091
Diluted weighted average common shares	**41,925,943**	42,300,221	**41,929,427**	42,306,406
Basic earnings (loss) per common share	**$ 0.47**	$ 0.58	**$ (0.16)**	$ (0.02)
Diluted earnings (loss) per common share	**$ 0.45**	$ 0.55	**$ (0.16)**	$ (0.02)

Normal Course Issuer Bid

On March 19, 2020, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 1,890,457 of its common shares, representing approximately 5% of the common shares issued and outstanding as of the close of business on March 4, 2020.

Under the NCIB, the Company may purchase up to 1,726 common shares per day, representing 25% of the average daily trading volume for the previous six months. The Company may buy back common shares anytime during the twelve-month period beginning on March 19, 2020 and ending on March 18, 2021. The stated capital of the common shares of $0.21 per share on the balance sheet equals the approximate paid-up capital amount of the common shares for purposes of the Income Tax Act. The purchase results in a reduction to share capital and a reduction to contributed surplus for the balance of the purchase price and expenses. Both items have been identified separately on the Interim Condensed Consolidated Statement of Changes in Equity.

The Company's previous NCIB, which began on March 19, 2019 and concluded on March 18, 2020, resulted in the repurchase and cancellation of 612,572 common shares.

19. ACCUMULATED OTHER COMPREHENSIVE LOSS

(unaudited, in thousands of dollars)	Hedges: Net investment	Hedges: Purchase Commitment	Foreign exchange translation	Total
Balance at December 31, 2018	$ (26,717)	$ —	$ 15,872	$ (10,845)
Gain (loss)	5,232	—	(20,142)	(14,910)
Income tax expense	(195)	—	—	(195)
Net gain (loss)	5,037	—	(20,142)	(15,105)
Balance at December 31, 2019	$ (21,680)	$ —	$ (4,270)	$ (25,950)
(Loss) gain	(8,173)	186	22,365	14,378
Income tax recovery	447	—	—	447
Net (loss) gain	(7,726)	186	22,365	14,825
Balance at June 30, 2020	**$ (29,406)**	**$ 186**	**$ 18,095**	**$ (11,125)**

20. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

The change in additions to property, plant and equipment is as follows:

For the six months ended June 30 (unaudited, in thousands of dollars)	Notes	2020	2019
Additions to property, plant, and equipment	11	**$ (15,188)**	$ (203,564)
Capitalized interest		**—**	699
Amounts included in working capital		**159**	675
		$ (15,029)	$ (202,190)

21. COMMITMENTS

The Company has commitments to construct one gearless bulk carrier, one self-unloading bulk carrier, and, through its interest in a joint venture, an additional five bulk carriers. Payments for the gearless bulk carrier are $7,305 ($5,360 USD) in 2020 and $18,717 ($13,735 USD) in 2021. The Company will acquire the self-unloading bulk carrier for an estimated cost of $49,061 ($36,000 USD) upon completion of the vessel by the shipyard in 2020. The Company's share of payments for the other bulk carriers are $8,163 ($5,990 USD) in 2020 and $15,257 ($11,195 USD) in 2021.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Company’s financial instruments that are included in the consolidated balance sheets comprise cash, accounts receivable, derivative assets, accounts payable and accrued charges, derivative liabilities, dividends payable and long-term debt.

Financial instruments that are measured at fair value are classified into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 and that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There were no transfers into or out of Level 1, 2 or 3 during the periods.

Fair Value

The carrying value and fair value of financial assets and financial liabilities are as follows:

As at (unaudited, in thousands of dollars)	June 30 2020	December 31 2019
Financial assets carrying and fair value:		
Cash	**$ 20,849**	$ 18,865
Accounts receivable	**$ 69,482**	$ 67,612
Derivative asset	**$ 186**	$ —
Loan interest receivable	**$ 135**	$ 634
Other assets	**$ 9**	$ 10,994
Financial liabilities carrying and fair value:		
Accounts payable and accrued charges	**$ 63,499**	$ 63,441
Dividends payable	**$ 1,711**	$ 1,459
Accrued interest on long-term debt	**$ 4,491**	$ 4,488
Compensation payable to Pool members	**$ —**	$ 3,347
Carrying value of long-term debt	**$ 361,730**	$ 338,159
Fair value of long-term debt	**$ 361,935**	$ 346,985

Liquidity risk

The contractual maturities of non-derivative financial liabilities are as follows:

(in thousands of dollars)	2020	2021	2022	2023	2024 and Beyond	Total
Long-term debt including equity component	$ 90,709	$ 185,264	$ 150	$ 5,196	$ 80,411	$ 361,730
Capital asset commitments	64,528	33,975	—	—	—	98,503
Interest payments on long-term debt	7,657	9,937	4,581	4,391	2,166	28,732
	$ 162,894	$ 229,176	$ 4,731	$ 9,587	$ 82,577	$ 488,965

Foreign Exchange Risk

At June 30, 2020 and December 31, 2019, approximately 42% and 41% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $12,902 and $9,564 at June 30, 2020 and December 31, 2019, respectively.

The Company has significant commitments due for payment in U.S. dollars. For payments due in U.S. dollars, the Company mitigates the risk principally through U.S. dollar cash inflows and foreign-denominated debt. The Company also utilizes foreign exchange forward contracts as a hedge on purchase commitments to manage its foreign exchange risk associated with payments required under shipbuilding contracts with foreign shipbuilders for vessels that will join our Canadian flag domestic dry-bulk fleet.

At June 30, 2020 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $17,500 USD and fair value gain of $186. As of December 31, 2019 the Company did not have any foreign exchange forward contracts outstanding.

23. SEGMENT DISCLOSURES

The Company operates through six segments; Domestic Dry-Bulk, Product Tankers, Ocean Self-Unloaders, Global Short Sea Shipping, Investment Properties and Corporate. The segment operating results include fully consolidated subsidiaries and interests in jointly controlled entities. Segment disclosures are based on how the Chief Executive Officer views operating results and how decisions are made about resources to be allocated to operating segments.

The following presents the Company's results by reportable segment.

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended June 30, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 78,957	$ 36,021	$ 33,518	$ 777	$ 1,997	$ —	$ 151,270
Operating expenses	(50,000)	(22,977)	(21,637)	(242)	(1,483)	—	(96,339)
Selling, general and administrative	(3,191)	(1,250)	(406)	(2,443)	—	—	(7,290)
Depreciation and amortization	(6,337)	(3,670)	(7,726)	(252)	(657)	—	(18,642)
Operating earnings (loss)	19,429	8,124	3,749	(2,160)	(143)	—	28,999
Interest, net	—	—	—	(5,145)	—	—	(5,145)
Foreign currency loss	—	—	(7)	(61)	—	—	(68)
	19,429	8,124	3,742	(7,366)	(143)	—	23,786
Income tax (expense) recovery	(5,103)	(2,198)	—	1,124	38	—	(6,139)
Net earnings of joint ventures	—	—	(899)	—	—	994	95
Net earnings (loss)	$ 14,326	$ 5,926	$ 2,843	$ (6,242)	$ (105)	$ 994	$ 17,742
For the six months ended June 30, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 100,052	$ 60,446	$ 69,895	$ 1,531	$ 4,443	$ —	$ 236,367
Operating expenses	(88,049)	(43,848)	(46,067)	(475)	(3,233)	—	(181,672)
Selling, general and administrative	(6,341)	(2,677)	(782)	(5,873)	—	—	(15,673)
Depreciation and amortization	(12,642)	(7,344)	(15,648)	(491)	(1,331)	—	(37,456)
Operating (loss) earnings	(6,980)	6,577	7,398	(5,308)	(121)	—	1,566
Interest, net	—	—	—	(9,950)	—	—	(9,950)
Foreign currency gain	—	—	(7)	181	—	—	174
	(6,980)	6,577	7,391	(15,077)	(121)	—	(8,210)
Income tax recovery	1,819	(1,789)	—	3,375	89	—	3,494
Net earnings (loss) from investments in joint ventures	—	—	25	—	—	(1,193)	(1,168)
Net (loss) earnings	$ (5,161)	$ 4,788	$ 7,416	$ (11,702)	$ (32)	$ (1,193)	$ (5,884)
As at June 30, 2020 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 56,120	$ 7,876	$ 28,432	$ 29,119	$ 4,507	$ —	$ 126,054
Property, plant, and equipment	422,834	114,936	289,278	7,505	15,414	—	849,967
Investments in joint ventures	—	—	15,551	—	—	144,628	160,179
Goodwill and intangible assets	7,910	—	1,570	—	—	—	9,480
Other assets	15,734	—	9	581	—	—	16,324
	$ 502,598	$ 122,812	$ 334,840	$ 37,205	$ 19,921	$ 144,628	$ 1,162,004
Liabilities							
Current liabilities	$ 34,204	$ 11,662	$ 12,887	$ 12,516	$ 247	$ —	$ 71,516
Current portion of long-term debt	—	—	—	98,691	—	—	98,691
Long-term liabilities	4,793	16,065	65	77,094	—	—	98,017
Long-term debt	—	—	—	260,277	—	—	260,277
	38,997	27,727	12,952	448,578	247	—	528,501
Shareholders' Equity	463,601	95,085	321,888	(411,373)	19,674	144,628	633,503
	$ 502,598	$ 122,812	$ 334,840	$ 37,205	$ 19,921	$ 144,628	$ 1,162,004

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended June 30, 2019 (unaudited, in thousands of dollars)							
Revenue	$ 86,974	$ 39,943	$ 29,130	$ 829	$ 2,293	$ —	$ 159,169
Operating expenses	(59,536)	(28,586)	(17,848)	(230)	(1,539)	—	(107,739)
Selling, general and administrative	(2,849)	(1,000)	(472)	(2,390)	—	—	(6,711)
Depreciation and amortization	(6,019)	(3,226)	(6,494)	(240)	(657)	—	(16,636)
Operating earnings (loss)	18,570	7,131	4,316	(2,031)	97	—	28,083
Interest, net	—	—	—	(4,523)	—	—	(4,523)
Foreign currency loss	—	—	—	1,534	—	—	1,534
	18,570	7,131	4,316	(5,020)	97	—	25,094
Income tax recovery (expense)	(4,792)	(1,350)	2	1,906	31	—	(4,203)
Net loss of joint ventures	—	—	865	—	—	358	1,223
Net (loss) earnings	$ 13,778	$ 5,781	$ 5,183	$ (3,114)	$ 128	$ 358	$ 22,114
For the six months ended June 30, 2019 (unaudited, in thousands of dollars)							
Revenue	$ 104,827	$ 67,015	$ 52,569	$ 1,664	$ 4,947	$ —	$ 231,022
Operating expenses	(94,606)	(49,814)	(33,978)	(467)	(3,485)	—	(182,350)
Selling, general and administrative	(5,754)	(2,056)	(931)	(6,840)	—	—	(15,581)
Depreciation and amortization	(11,505)	(6,366)	(11,915)	(481)	(1,333)	—	(31,600)
Operating earnings (loss)	(7,038)	8,779	5,745	(6,124)	129	—	1,491
Interest, net	—	—	—	(7,825)	—	—	(7,825)
Foreign currency gain	—	—	—	(604)	—	—	(604)
	(7,038)	8,779	5,745	(14,553)	129	—	(6,938)
Income tax (expense) recovery	2,090	(1,787)	4	5,901	22	—	6,230
Net earnings from investments in joint ventures	—	—	137	—	—	(116)	21
Net earnings (loss)	$ (4,948)	$ 6,992	$ 5,886	$ (8,652)	$ 151	$ (116)	$ (687)
As at December 31, 2019 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 58,989	$ 4,916	$ 23,965	$ 25,046	$ 1,513	$ —	$ 114,429
Property, plant, and equipment	430,545	120,755	281,711	6,668	16,708	—	856,387
Investments in joint ventures	—	—	3,751	—	—	139,043	142,794
Goodwill and intangible assets	7,910	—	3,284	—	—	—	11,194
Other assets	6,815	—	9	15,749	—	—	22,573
	$ 504,259	$ 125,671	$ 312,720	$ 47,463	$ 18,221	$ 139,043	$ 1,147,377
Liabilities							
Current liabilities	$ 36,343	$ 13,612	$ 15,520	$ 10,870	$ 424	$ —	$ 76,769
Current portion of long-term debt	—	—	—	80,076	—	—	80,076
Long-term liabilities	3,036	15,987	70	56,241	—	—	75,334
Long-term debt	—	—	—	254,777	—	—	254,777
	39,379	29,599	15,590	401,964	424	—	486,956
Shareholders' Equity	464,880	96,072	297,130	(354,501)	17,797	139,043	660,421
	$ 504,259	$ 125,671	$ 312,720	$ 47,463	$ 18,221	$ 139,043	$ 1,147,377

24. SHARE-BASED COMPENSATION

The Company maintains a stock option program for certain key employees. Options on common shares are periodically granted to eligible employees under the plan for terms of 5 years and cliff vest on the third anniversary of the grant date. These options provide holders with the right to purchase common shares of the Company at a fixed price equal to the closing market price of the shares on the day prior to the date the options were issued. Under this plan, 1,891,227 common shares have been reserved for future issuance. The outstanding options expire on various dates to March 1, 2025. The following table summarizes the Company's stock option activity and related information for the period ended June 30, 2020 and year ended December 31, 2019.

	June 30, 2020		December 31, 2019	
Stock Option Activity As at (unaudited, amounts not stated in thousands)	**Number of shares**	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Number outstanding, beginning of period	**230,000**	**$ 13.43**	250,000	$ 15.06
Granted	**113,542**	**12.52**	130,000	13.15
Forfeited/cancelled	**—**	**—**	(150,000)	(15.06)
Exercise price adjustment	**—**	**—**	—	(0.55)
Number outstanding, end of period	**343,542**	**$ 13.13**	230,000	$ 13.43

The following table summarizes information relating to stock options outstanding as at June 30, 2020.

	Options outstanding	
Exercise price per share (unaudited, amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$12.52	113,542	4.66
$12.60	130,000	3.67
$14.51	100,000	2.85

For the period ended June 30, 2020, the Company recognized compensation expense for stock option awards of $69 (December 31, 2019 - $41). For the period ended June 30, 2020, 113,542 (December 31, 2019 - 130,000) options were granted by the Company at a weighted average fair value of $1.08 per option (December 31, 2019 - $1.45).

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