ALGOMA CENTRAL CORPORATION INTERIM REPORT TO SHAREHOLDERS

For the Three Months Ended March 31, 2021 and 2020

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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 months ended March 31, 2021 and 2020 and related notes thereto and has been prepared as at May 5, 2021.

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 2020 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 2021 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 success in securing contract renewals and maintaining existing freight rates with existing customers;
- our success in securing contracts with new customers at acceptable freight rates;
- 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, 2020, 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 of 2020 and began to affect our businesses during subsequent quarters. The impacts included reductions in demand from customers in certain sectors, restrictions on trade channels, including port access, and travel limitations affecting crew changes. Demand reductions in some sectors were offset to some extent by increased volumes in other sectors and in some cases, the increased demand also led to improved pricing.

Since the beginning of the pandemic, the Company experienced reduced revenues and incurred higher operating costs in certain sectors, while in other sectors, there was no material impact. Although we have not been made aware of any significant customer experiencing financial distress, we continue to actively monitor accounts receivable collections, alert for any indication that increased controls over the granting of credit or increased provisions for uncollectible receivables may be warranted.

The continued unpredictability of the future path of the pandemic, including but not limited to the efforts by governments in the markets that we serve to limit community spread and the availability and uptake of vaccinations, has added uncertainty to the outlook for fiscal 2021. Ultimately, our businesses are dependent on demand from six key sectors of the economy, which have been impacted differently to date by the pandemic and are likely to experience different rates of recovery. Based on discussions with customers and our experience in 2020, we expect construction activities and the iron and steel industry to continue their recovery in 2021. On the other hand, extended lock-downs in the Ontario market can be expected to have a negative impact on Product Tankers utilization in 2021.

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 generally smooth operation of financial markets, although this is of lesser importance to Algoma in the short term as the Company completed a refinancing of its our senior debt during the fourth quarter of 2020.

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 recorded in operating expenses. Earnings from partially owned ships operating in this sector 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 consolidated 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.

Financial Highlights

Consolidated revenue for the three months ended March 31, 2021 was $77,599, a decrease of 9% compared to $85,097 reported for the prior year. Domestic Dry-Bulk revenues increased 16% compared to 2020, as the fleet was able to take advantage of the extended navigation season and the generally mild winter to increase volumes in its four key commodities compared to 2020. Revenues for Product Tankers decreased 25% compared to 2020, as the expected drop in customer demand caused by lower wholesale gasoline volumes impacted fleet utilization. Revenues for Ocean Self-Unloaders decreased 11% due primarily to lower fuel cost recoveries compared to 2020.

The Global Short Sea Shipping businesses generated revenues of $59,744 compared to $55,372 for the same period in 2020 as freight rates and volumes continued to recover from lows experienced in mid-2020. The Company has a 50% interest in these businesses and does not include these revenues in its consolidated revenue figure.

The first quarter loss for 2021 was $22,416, an improvement of 5% compared to the 2020 first quarter. Strong results from Global Short Sea Shipping offset slightly higher losses in Domestic Dry-Bulk that resulted from increased winter maintenance and dry-docking spending compared to the prior year.

For the periods ended March 31	**2021**	2020
Revenue	**$ 77,599**	$ 85,097
Operating loss	**$ (29,393)**	$ (27,433)
Net loss	**$ (22,416)**	$ (23,626)
Basic loss per common share	**$ (0.59)**	$ (0.62)

As at	**March 31 2021**	December 31 2020
Common shares outstanding	**37,800,943**	37,800,943
Total assets	**$ 1,152,341**	$ 1,223,096
Total long-term financial liabilities	**$ 447,198**	$ 390,633

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

For the periods ended March 31	**2021**	2020
Net loss	**$ (22,416)**	$ (23,626)
Adjustments to net loss:		
Depreciation and amortization	**17,493**	18,814
Interest expense, net	**5,290**	4,805
Foreign currency gain	**(53)**	(242)
Income tax recovery	**(10,742)**	(9,633)
Gain on disposal of vessel	**(300)**	—
Joint ventures		
Interest expense	**590**	1,265
Foreign exchange gain	**(157)**	(1,041)
Depreciation	**3,777**	4,029
Income tax expense	**75**	23
Gain on disposal of vessels	**(208)**	(273)
EBITDA	**$ (6,651)**	$ (5,879)

Summary of Quarterly Results

The results for the last nine quarters were as follows:

Year	Quarter	Revenue	Net Earnings (Loss)	Basic Earnings (Loss) per Share
2021	Quarter 1	$ 77,599	$ (22,416)	$ (0.59)
2020	Quarter 4	$ 154,291	$ 29,499	$ 0.78
	Quarter 3	$ 155,002	$ 22,235	$ 0.59
	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)

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 nine quarters:

		Trailing Twelve Months				
Year	Quarter	Revenue	Net Earnings	Basic Earnings per Share	Adjustment to Basic Earnings per Share *	Adjusted Basic Earnings per Share
2021	Quarter 1	$ 538.162	$ 47,060	$ 1.24	$ 0.14	$ 1.38
2020	Quarter 4	$ 545,660	$ 45,850	$ 1.21	$ 0.14	$ 1.35
	Quarter 3	$ 560,354	$ 20,147	$ 0.53	$ 0.68	$ 1.21
	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

* 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.

	2018			2019				2020				2021
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Loss (gain) on shipbuilding contracts	$ —	$ 0.02	$ (0.15)	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Impairment (reversals) losses	—	—	(0.13)	—	—	—	0.42	—	—	0.26	—	—
Sale of real estate properties	—	—	—	—	—	—	—	—	—	—	(0.12)	—
	$ —	$ 0.02	$ (0.28)	$ —	$ —	$ —	$ 0.42	$ —	$ —	$ 0.26	$ (0.12)	$ —
Trailing impact on EPS				$ (0.26)	$ (0.26)	$ (0.28)	$ 0.42	$ 0.42	$ 0.42	$ 0.68	$ 0.14	$ 0.14

Business Segment Discussion

Domestic Dry-Bulk

The Domestic Dry-Bulk segment includes the activities of the Company's Canadian flag dry-bulk vessels and its ship management business. During 2021, the Company had 11 self-unloading bulk carriers and 8 gearless bulk carriers in its fleet. One of the gearless bulk carriers is owned by a third party.

Financial Results Overview

Revenues for the Domestic Dry-Bulk segment increased by $3,457, or 16%, compared to 2020, as a result of higher volumes across all trades. The Company's fleet was well positioned to take advantage of the extended Welland Canal season early in the quarter and the generally mild winter enabled vessels to service the salt trade through most of the quarter, resulting in record high salt deliveries this quarter.

Operating expenses increased by $6,560, or 17%, in 2021 compared to the previous year. The overall change reflects a 9% increase in operating days and significantly higher winter maintenance and dry-docking costs compared to the prior year. We responded to the uncertainty caused by the onset of COVID-19 during the 2020 first quarter by deferring fit-out of older vessels and delaying some maintenance spending until we were more certain about capacity requirements. This resulted in more such spending being deferred to later in the year and, in some cases, deferred until 2021. Although overall operating costs were higher, this was partially offset by lower fuel and insurance expenses during the 2021 quarter.

The year to date increase in depreciation expense is attributable to the addition of the Algoma Intrepid to the fleet during the fourth quarter of 2020 and depreciation of capital expenditures on prior year dry-dockings.

For the periods ended March 31	2021	2020
Revenue	$ 24,552	$ 21,095
Operating expenses	(44,609)	(38,049)
Selling, general and administrative	(2,944)	(3,150)
Depreciation and amortization	(6,685)	(6,304)
Operating loss	(29,686)	(26,408)
Income tax recovery	7,878	6,922
Net loss	$ (21,808)	$ (19,486)

EBITDA for Domestic Dry-Bulk for the three months ended March 31, 2021 decreased $3,197, or 16%, compared to 2020, primarily driven by the significant increase in lay-up costs in the current quarter. EBITDA is determined as follows:

For the periods ended March 31	2021	2020
Net loss	$ (21,808)	$ (19,486)
Adjustments to net loss:		
Depreciation and amortization	6,685	6,304
Gain on disposal of vessel	(300)	—
Income tax recovery	(7,878)	(6,922)
EBITDA	$ (23,301)	$ (20,104)

Outlook

While we expect total volumes to increase in 2021 compared to 2020, those volumes are expected to reflect our traditional mix of trades more closely than last year when we benefited from volume growth in better earning cargoes and a drop in volumes for lower earning commodities. In addition, after having increased spending on winter maintenance and dry-dockings in the first quarter, we expect daily operating costs, and crew costs in particular, to remain higher over the balance of the year. As a consequence, while we expect higher gross freight revenues, we do not expect to match 2020 operating earnings or EBITDA for the Domestic Dry-Bulk segment.

Product Tankers

The domestic product tanker fleet provides safe and reliable transportation of liquid petroleum products throughout the Great Lakes, St. Lawrence Waterway and Atlantic Canada regions. This business unit consists of eight double-hull product tankers.

Financial Results Overview

Revenues for Product Tankers decreased by $6,208 in 2021 compared to the prior year as a result of significantly reduced demand from our primary customer and the lay-up of our bunkering vessel after its contract expired in the fourth quarter of 2020. As a result of the decrease in customer demand, we had no need for outside charters in the 2021 quarter compared to a small amount of chartered capacity that was required in 2020. The decrease in outside charter revenue compared to 2020 has little impact on earnings, as the cost we incur to charter capacity is passed through to our customers.

Operating expenses decreased by $7,419 during 2021, as a result of the significant reduction in operating days, the reduced hiring of outside charters and a decrease in lay-up spending versus 2020.

For the periods ended March 31	**2021**	2020
Revenue	**$ 18,217**	$ 24,425
Operating expenses	**(13,452)**	(20,871)
Selling, general and administrative	**(1,047)**	(1,426)
Depreciation and amortization	**(3,494)**	(3,674)
Operating earnings (loss)	**224**	(1,546)
Income tax (expense) recovery	**(59)**	408
Net earnings (loss)	**$ 165**	$ (1,138)

EBITDA for Product Tankers for the three months ended March 31, 2021 increased $1,590 compared to the same period in 2020, largely as a result of the overall decrease in lay-up spending. EBITDA is determined as follows:

For the periods ended March 31	**2021**	2020
Net earnings (loss)	**$ 165**	$ (1,138)
Adjustments to net earnings (loss):		
Depreciation and amortization	**3,494**	3,674
Income tax expense (recovery)	**59**	(408)
EBITDA	**$ 3,718**	$ 2,128

Outlook

As we noted in our 2020 financial reports, Product Tanker utilization was not immediately impacted by the onset of the pandemic as our vessels were utilized to move product between major markets, absorbing available days that were not required to service the Ontario market. This trade pattern ceased in late 2020 and tanker utilization is now being impacted by weak demand in wholesale petroleum product markets in central Canada. This softness is tied to continuing and extended lock-downs in Ontario. The end of the lock-downs or a change in our customers' requirements driven by other factors could result in an increase in utilization for which we have available capacity.

Ocean Self-Unloaders

The Ocean Self-Unloader segment consists of eight ocean-going self-unloading vessels, a 50% interest in a ninth self-unloader and a 25% interest in a specialized ocean vessel. The eight self-unloaders are part of the world's largest pool of ocean-going self-unloaders. The functional currency of this segment is US dollars, which are translated to Canadian dollars for reporting purposes.

Financial Results Overview

Revenues in the Ocean Self-Unloader segment decreased by $3,881, or 11%, in 2021 compared to the prior year as a result of a strong Canadian dollar, a small reduction in revenues days related to dry-dockings and reduced fuel cost recoveries. The business unit had two ships on dry-dock for a total of 90 days during the first quarter compared with one ship for 70 days last year. The last vessel to be dry-docked returned to on-hire in the Pool in April and there are no further planned dry-dockings this year.

Pool volumes for the first quarter were marginally lower than 2020 first quarter volumes, as the business continues a gradual recovery from the impact of the pandemic.

Operating expenses decreased by $3,010, or 12%, in 2021 compared to the prior year, also as a result of the stronger Canadian dollar and savings in fuel expenses.

In the second quarter of 2020, a vessel owned by our Marbulk joint venture was returned to the company by its charterer. In light of the current conditions in the market in which this vessel operates, the ship currently has limited redeployment opportunities unless significant capital is spent to improve the vessel's operating flexibility and efficiency. The vessel has remained in cold lay-up, resulting in the significant decrease in net earnings from the joint venture.

Depreciation and amortization decreased in 2021 as the Pool compensation arrangement was full amortized after 2020.

For the periods ended March 31	**2021**	2020
Revenue	**$ 32,496**	$ 36,377
Operating expenses	**(21,419)**	(24,429)
General and administrative	**(306)**	(376)
Depreciation and amortization	**(6,402)**	(7,922)
Operating earnings	**4,369**	3,650
Net earnings from investments in joint ventures	**28**	924
Net earnings	**$ 4,397**	$ 4,574

EBITDA for Ocean Self-Unloaders decreased for the quarter ended March 31, 2021 by $1,245. EBITDA is determined as follows:

For the periods ended March 31	**2021**	2020
Net earnings	**$ 4,397**	$ 4,574
Adjustments to net earnings:		
Depreciation and amortization	**6,402**	7,922
Joint Venture:		
Depreciation and amortization	**180**	503
Interest expense	**—**	135
Foreign exchange gain	**(1)**	(963)
Income tax expense	**—**	52
EBITDA	**$ 10,978**	$ 12,223

Outlook

With our schedule of dry-dockings now complete, all eight ocean self-unloaders are expected to be on-hire to the Pool for the balance of 2021. Pool volumes are expected to gradually improve and with our ships on-hire, the Ocean Self-Unloader segment should benefit from any improvement in operating results for the Pool. The markets served by the Pool include US home construction, which continues to show strength, and heavier construction, which has not yet returned to pre-pandemic levels. Should infrastructure or large construction project activity improve, the Pool and our ships have capacity to benefit from increased volumes being shipped.

Global Short Sea Shipping

The Global Short Sea Shipping segment comprises three joint ventures in which we hold 50% interests; NovaAlgoma Cement Carriers ("NACC"), NovaAlgoma Short Sea Carriers ("NASC") and NovaAlgoma Bulk Holdings ("NABH"). These joint ventures with Nova Marine Carriers SA are a reflection of a strategic intent to leverage our strength in domestic short-sea shipping into global markets, with a focus on niche sectors featuring specialized equipment or services and lacking an existing dominant player.

Financial Results Overview

Global Short Sea Shipping revenues for the period ended March 31, 2021 increased by $4,372 compared to the previous year primarily due to increased activity in both the cement and mini bulker sectors. Market conditions began to recover for the mini-bulker fleet in the fourth quarter of 2020 and this recovery has continued into the first quarter of 2021. The cement carriers also reported an increase in revenues, primarily in the North American market.

Operating costs decreased by $2,592 for the period ended March 31, 2021 compared to 2020. In response to the COVID-19 pandemic, management focused their efforts on reducing controllable costs in order to limit the impact to operations. Improvements were also made to limit unnecessary spending on general and administrative costs.

For the periods ended March 31	**2021**	2020
Revenue	**$ 59,744**	$ 55,372
Operating expenses	**(47,339)**	(49,931)
Selling, general and administrative	**(1,836)**	(2,197)
Depreciation and amortization	**(6,895)**	(6,737)
Operating earnings (loss)	**3,674**	(3,493)
Gain on sale of vessels	**415**	545
Interest expense	**(1,180)**	(2,260)
Foreign exchange gain	**312**	155
Earnings (loss) before undernoted	**3,221**	(5,053)
Income tax (expense) recovery	**(150)**	57
Net earnings of joint ventures	**267**	266
Net (earnings) loss attributable to non-controlling interest	**(152)**	671
Net earnings (loss)	**$ 3,186**	$ (4,059)
Company share of net earnings (loss) above	**$ 1,593**	$ (2,030)
Amortization of vessel purchase price allocation and intangibles	**(149)**	(157)
Company share included in net earnings (loss) from investments in joint ventures	**$ 1,444**	$ (2,187)

EBITDA for Global Short Sea was $5,342 compared to $2,089 in 2020, an increase of $3,253 compared to the prior year. EBITDA is determined as follows:

For the periods ended March 31	**2021**	2020
Company share of net earnings (loss) from investments in joint ventures	**$ 1,444**	$ (2,187)
Adjustments to net earnings:		
Depreciation and amortization	**3,597**	3,526
Foreign currency gain	**(156)**	(78)
Gain on disposal of vessels	**(208)**	(273)
Interest expense	**590**	1,130
Income tax expense (recovery)	**75**	(29)
Company share of EBITDA	**$ 5,342**	$ 2,089

Outlook

Our outlook for the cement sector is stable, while the substantially stronger commercial markets in the mini bulker sector currently point to continuation of the improved operating results such as we experienced in this sector in the first quarter. Improved freight rates are also leading to higher vessel values, which may present opportunities for us in the purchase and sale markets for both our mini bulkers and our larger sized ships.

Investment Properties

The Company owns a shopping centre located in Sault Ste. Marie, Ontario and owned an apartment building in the city until it was sold late in 2020. The reduction in revenue and operating expenses in 2021 is largely a result of the impact of the COVID-19 pandemic on the shopping centre, which resulted in the mall being shut down for periods of time.

For the periods ended March 31	**2021**	2020
Revenue	**$ 1,593**	$ 2,446
Operating expenses	**(1,248)**	(1,750)
Depreciation	**(643)**	(673)
Operating (loss) earnings	**(298)**	23
Income tax recovery	**368**	51
Net earnings	**$ 70**	$ 74

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.

For the periods ended March 31	**2021**	2020
Revenue	**$ 741**	$ 754
Operating expenses	**(261)**	(234)
Selling, general and administrative	**(4,213)**	(3,431)
Depreciation	**(269)**	(241)
Operating loss	**(4,002)**	(3,152)
Foreign currency gain	**53**	242
Interest expense, net	**(5,290)**	(4,805)
Income tax recovery	**2,555**	2,252
Net loss	**$ (6,684)**	$ (5,463)

Consolidated

For the periods ended March 31	2021	2020
Revenue	**$ 77,599**	$ 85,097
Operating expenses	**(80,989)**	(85,333)
Selling, general and administrative	**(8,510)**	(8,383)
Depreciation and amortization	**(17,493)**	(18,814)
Operating loss	**(29,393)**	(27,433)
Interest expense	**(5,317)**	(4,991)
Interest income	**27**	186
Foreign currency gain	**53**	242
Income tax recovery	**10,742**	9,633
Net earnings (loss) from investments in joint ventures	**1,472**	(1,263)
Net loss	**$ (22,416)**	$ (23,626)

Interest Expense

For the periods ended March 31	2021	2020
Interest expense on borrowings	**$ (4,839)**	$ (4,589)
Amortization of financing costs	**(385)**	(272)
Interest on employee future benefits, net	**(363)**	(229)
Interest capitalized on vessels under construction	**270**	99
	$ (5,317)	$ (4,991)

Foreign Currency Gain

For the periods ended March 31	2021	2020
Gain on foreign denominated cash	**$ 1**	$ 242
Unrealized gain on foreign exchange forward contracts	**52**	—
	$ 53	$ 242

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 2021 and 2020 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.

Actual tax recovery was $1,109 higher in 2021 compared to the previous year as a result of an decrease in earnings generated in our domestic segments where earnings are taxed. As a result, the effective tax rate for 2021 was 31.0% compared to 30.1% in 2020.

For the periods ended March 31	2021	2020
Combined federal and provincial statutory income tax rate	**26.5 %**	26.5 %
Net loss before income tax and earnings (loss) from investments in joint ventures	**$ (34,630)**	$ (31,996)
Expected income tax recovery	**$ 9,177**	$ 8,479
Increase (decrease) in recovery resulting from:		
Foreign tax rates different from Canadian statutory rate	**1,152**	957
Effect of items that are not taxable (deductible)	**9**	(68)
Adjustments to prior period provision	**410**	185
Other	**(6)**	80
Actual tax recovery	**$ 10,742**	$ 9,633

Normal Course Issuer Bid

On March 19, 2021, the Company renewed its normal course issuer bid (the "2021 NCIB") with the intention to purchase, through the facilities of the TSX, up to 1,890,047 of its Common Shares ("Shares") representing approximately 5% of the 37,800,943 Shares which were issued and outstanding as at the close of business on March 6, 2021 (the "NCIB").

Subject to prescribed exceptions, the Company is allowed to purchase up to 3,163 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 previous six calendar months, being 12,653 Shares. Any Shares purchased under the 2021 NCIB are cancelled. The Company did not purchase any Shares under the 2021 NCIB or under the expired bid in the first quarter in 2021.

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 26 of the consolidated financial statements for the years ending December 31, 2020 and 2019.

In December 2020, the Company pleaded guilty to a misdemeanour violation of the US Clean Water Act related to a self-reported accidental discharge of potentially contaminated bilge water into Lake Ontario that occurred in 2017. Under the plea, the Company agreed to pay a fine of US$500, to adopt certain improvements into its existing quality management procedures, and to be subject to a probationary environmental compliance program. The plea was accepted by the US Federal Court in April 2021.

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 March 31, 2021.

Financial Condition, Liquidity and Capital Resources - Statement of Cash Flows

Operating Activities

The net cash generated from operating activities for the period ended March 31, 2021 was $3,791 compared to cash generated of $1,889 for the same period in 2020. The significant contributor was the change in non-cash working capital.

Investing Activities

Net cash used in investing activities decreased by $4,710 for the period ended March 31, 2021. Fiscal 2020 included a final Pool compensation payment and higher dry-docking expenditures.

Financing Activities

Net cash from financing activities decreased by $57,171 for the period ended March 31, 2021 compared to 2020. The decrease was driven primarily by the special dividend of $97,679 paid in January 2021, less proceeds from funds borrowed from our credit facility.

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

For the years ended March 31	2021	2020
Net loss	**$ (22,416)**	$ (23,626)
Operating activities	**$ 3,791**	$ 1,889
Investing activities	**$ (6,848)**	$ (11,558)
Financing activities	**$ (46,195)**	$ 10,976

Capital Resources

The Company has cash on hand of $53,076 at March 31, 2021. Available credit facilities along with projected cash from operations for 2021 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 December 10, 2023 and comprises a $75 million Canadian dollar and a $75 million U.S. dollar senior secured revolving bank credit facility provided by a syndicate of four banks. The Facility bears interest at rates that are based on the Company's ratio of senior debt, as defined, to earnings before interest, taxes, depreciation and amortization and ranges from 185 to 315 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 the majority of its wholly owned vessels. The Company's real estate assets and certain vessels, including ones 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 March 31, 2021, 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 March 31, 2021. 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 March 31, 2021.

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 March 31, 2021.

Changes in Internal Controls over Financial Reporting

During the year ended March 31, 2021, 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 March 31, 2021 that affect the Company's liquidity and capital resource needs.

	2021	2022	2023	2024	2025 and Beyond
Long-term debt	$ 58,607	$ 150	$ 5,197	$ 82,500	$ 312,853
Capital asset commitments	25,120	9,840	—	—	—
Interest payments on long-term debt	16,502	16,481	16,291	14,065	109,721
	$ 100,229	$ 26,471	$ 21,488	$ 96,565	$ 422,574

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three Months Ended March 31, 2021 and 2020

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 months ended March 31, 2021 and 2020 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

For the periods ended March 31	Notes	2021	2020
(unaudited, in thousands of dollars, except per share data)			
Revenue	4	$ 77,599	$ 85,097
Operating expenses		(80,989)	(85,333)
Selling, general and administrative expenses		(8,510)	(8,383)
Depreciation and amortization		(17,493)	(18,814)
Operating loss		(29,393)	(27,433)
Interest expense	6	(5,317)	(4,991)
Interest income		27	186
Foreign currency gain	7	53	242
		(34,630)	(31,996)
Income tax recovery	8	10,742	9,633
Net earnings (loss) from investments in joint ventures	5	1,472	(1,263)
Net Loss		$ (22,416)	$ (23,626)
Basic loss per share	17	$ (0.59)	$ (0.62)
Diluted loss per share	17	$ (0.59)	$ (0.62)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Earnings

For the periods ended March 31 (unaudited, in thousands of dollars)	Notes	2021	2020
Net Loss		$ (22,416)	$ (23,626)
Other Comprehensive Earnings (Loss)			
Items that may be subsequently reclassified to net earnings:			
Unrealized (loss) gain on translation of financial statements of foreign operations		(5,257)	40,631
Unrealized gain (loss) on hedging instruments, net of income tax		1,486	(14,769)
Foreign exchange (gain) loss on purchase commitment hedge reserve, net of income tax, transferred to:			
Property, plant, and equipment		175	—
Items that will not be subsequently reclassified to net earnings:			
Employee future benefits actuarial gain (loss), net of income tax		13,480	(17,643)
		9,884	8,219
Comprehensive Loss		$ (12,532)	$ (15,407)

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheet

As at (unaudited, in thousands of dollars)	Notes	March 31 2021	December 31 2020
Assets			
Current			
Cash		**$ 53,076**	$ 103,910
Accounts receivable		**40,887**	64,373
Income taxes recoverable		**15,046**	5,346
Other current assets	10	**22,331**	15,147
		131,340	188,776
Property, plant, and equipment	11	**838,380**	855,988
Investments in joint ventures	5	**145,458**	145,789
Goodwill	12	**7,910**	7,910
Non-current assets held for sale	11	**3,632**	—
Other assets	13	**25,621**	24,633
		$ 1,152,341	$ 1,223,096
Liabilities			
Current			
Accounts payable and accrued charges		**$ 74,303**	$ 72,621
Current portion of long-term debt	16	**58,644**	143
Income taxes payable		**45**	2,668
Other current liabilities	14	**9,253**	103,891
		142,245	179,323
Long-term debt	16	**388,554**	390,490
Employee future benefits		**29,626**	47,653
Deferred income taxes		**49,351**	43,513
Other long-term liabilities	15	**860**	1,501
		468,391	483,157
Commitments	20		
Shareholders' Equity			
Share capital	17	**8,110**	8,110
Contributed surplus		**1,075**	1,028
Convertible debentures		**2,309**	2,309
Accumulated other comprehensive loss	18	**(36,383)**	(32,787)
Retained earnings		**566,594**	581,956
		541,705	560,616
		$ 1,152,341	$ 1,223,096

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 17)		(Note 18)		
Balance at January 1, 2020	$ 8,115	$ 3,493	$ (25,950)	$ 674,763	$ 660,421
Net loss	—	—	—	(23,626)	(23,626)
Dividends	—	—	—	(4,538)	(4,538)
Repurchase and cancellation of common shares	(5)	(272)	—	—	(277)
Share-based compensation	—	28	—	—	28
Other comprehensive earnings (loss)	—	—	25,862	(17,643)	8,219
Balance at March 31, 2020	$ 8,110	$ 3,249	$ (88)	$ 628,956	$ 640,227
Balance at January 1, 2021	$ 8,110	$ 3,337	$ (32,787)	$ 581,956	$ 560,616
Net loss	—	—	—	(22,416)	(22,416)
Dividends	—	—	—	(6,426)	(6,426)
Share-based compensation	—	47	—	—	47
Other comprehensive earnings (loss)	—	—	(3,596)	13,480	9,884
Balance at March 31, 2021	**$ 8,110**	**$ 3,384**	**$ (36,383)**	**$ 566,594**	**$ 541,705**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the three months ended March 31 (unaudited, in thousands of dollars)	Notes	2021	2020
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net loss		**$ (22,416)**	$ (23,626)
Net (earnings) loss from investments in joint ventures	5	**(1,472)**	1,263
Items not affecting cash			
Depreciation and amortization		**17,493**	18,814
Gain on disposal of assets		**(300)**	—
Other		**(4,829)**	(4,481)
Net change in non-cash working capital		**17,336**	14,998
Income taxes (paid), net		**(1,348)**	(4,348)
Employee future benefits paid		**(673)**	(731)
Net cash generated from operating activities		**3,791**	1,889
Investing			
Additions to property, plant, and equipment	19	**(4,609)**	(8,557)
Compensation payments to other pool members for retired vessels		**—**	(2,655)
Progress payments for shipbuilding contracts		**(3,116)**	(1,031)
Interest received		**27**	685
Proceeds on sale of property, plant, and equipment		**850**	—
Net cash used in investing activities		**(6,848)**	(11,558)
Financing			
Interest paid		**(714)**	(5,717)
Proceeds of long-term debt		**58,500**	38,067
Repayments of long-term debt		**(36)**	(16,673)
Repurchase of common shares	17	**—**	(277)
Dividends paid		**(103,945)**	(4,424)
Net cash generated from financing activities		**(46,195)**	10,976
Net change in cash		**(49,252)**	1,307
Effects of exchange rate changes on cash held in foreign currencies		**(1,582)**	701
Cash, beginning of period		**103,910**	18,865
Cash, end of period		**$ 53,076**	$ 20,873

See accompanying 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 months ended March 31, 2021 and 2020 comprise the Company, its subsidiaries and the Company's interests 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. is a member of an international pool arrangement (the "Pool"), under which revenues and related voyage expenses are distributed to each Pool member based on an agreed formula reflecting the earnings capacity of the vessels each Pool member has placed in the Pool.

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 18-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 eight 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 eight ocean-going self-unloading vessels. The ocean vessels are engaged in the carriage of dry-bulk commodities in worldwide trades in the ocean Pool.

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, 2020 and 2019 . The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2020 and 2019.

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 May 5, 2021.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In light of the COVID-19 pandemic and the related global economic instability, the Company continues to monitor the critical accounting estimates and judgments utilized in the preparation of the interim condensed consolidated financial statements.

4. REVENUE

Disaggregated revenue by segment is as follows:

For the three months ended March 31	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
(unaudited, in thousand of dollars)						
2021						
Contract of Affreightment	$ 14,179	$ —	$ —	$ —	$ —	$ 14,179
Time Charter	10,287	18,217	—	—	—	28,504
Pool Revenue Share	—	—	32,496	—	—	32,496
Other	86	—	—	1,593	741	2,420
	$ 24,552	**$ 18,217**	**$ 32,496**	**$ 1,593**	**$ 741**	**$ 77,599**
2020						
Contract of Affreightment	$ 10,539	$ 818	$ —	$ —	$ —	$ 11,357
Time Charter	10,441	23,607	—	—	—	34,048
Pool Revenue Share	—	—	36,377	—	—	36,377
Other	115	—	—	2,446	754	3,315
	$ 21,095	$ 24,425	$ 36,377	$ 2,446	$ 754	$ 85,097

The Company's unbilled revenue and deferred revenue are as follows:

As at (unaudited, in thousands of dollars)	**March 31 2021**	December 31 2020
Unbilled revenue	**$ 4,409**	$ 12,471
Deferred revenue	**$ 949**	$ 907

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. ("NASC"), 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 March 31 (unaudited, in thousands of dollars)	**2021**		2020	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 1,699**	**$ 59,744**	$ 2,462	$ 55,372
Operating expenses	**(1,150)**	**(47,339)**	(1,005)	(49,931)
General and administrative	**(136)**	**(1,836)**	(155)	(2,197)
Depreciation and amortization	**(359)**	**(6,895)**	(1,006)	(6,737)
Operating earnings (loss)	**54**	**3,674**	296	(3,493)
Interest expense	**—**	**(1,180)**	(269)	(2,260)
Foreign exchange gain	**1**	**312**	1,925	155
Gain on sale of vessels	**—**	**415**	—	545
Earnings (loss) before undernoted	**55**	**3,221**	1,952	(5,053)
Net earnings of joint ventures	**—**	**267**	—	266
Net (earnings) loss attributable to non-controlling interest	**—**	**(152)**	—	671
Income tax (expense) recovery	**—**	**(150)**	(104)	57
Net earnings (loss)	**$ 55**	**$ 3,186**	$ 1,848	$ (4,059)
Company share of net earnings (loss)	**$ 28**	**$ 1,593**	$ 924	$ (2,030)
Amortization of vessel purchase price allocation and intangibles	**—**	**(149)**	—	(157)
Company share of net earnings (loss) from investments in joint ventures	**$ 28**	**$ 1,444**	$ 924	$ (2,187)

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

For the three months ended March 31 (unaudited, in thousands of dollars)	**2021**	2020
Ocean Self-Unloaders	**$ 28**	$ 924
Global Short Sea Shipping	**1,444**	(2,187)
	$ 1,472	$ (1,263)

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

As at (unaudited, in thousands of dollars)	March 31 2021		December 31 2020	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 4,910**	**$ 20,784**	$ 4,272	$ 11,404
Other current assets	**710**	**54,148**	776	52,550
Income taxes recoverable	**48**	**126**	48	128
Property, plant, and equipment	**4,497**	**404,452**	4,914	415,688
Investment in joint ventures	**—**	**22,089**	—	21,372
Other assets	**—**	**12,090**	77	12,216
Current liabilities	**(888)**	**(56,743)**	(751)	(52,995)
Current portion of long-term debt	**—**	**(34,798)**	—	(29,843)
Long-term debt	**—**	**(134,811)**	—	(142,046)
Other long-term liabilities	**—**	**(19,701)**	—	(20,688)
Non-controlling interest	**—**	**772**	—	934
Net assets of jointly controlled operations	**$ 9,277**	**$ 268,408**	$ 9,336	$ 268,720
Company share of net assets	**$ 4,639**	**$ 134,204**	$ 4,668	$ 134,360
Goodwill and other purchase price adjustments	**—**	**6,615**	—	6,761
Company share of joint venture	**$ 4,639**	**$ 140,819**	$ 4,668	$ 141,121

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

As at (unaudited, in thousands of dollars)	**March 31 2021**	December 31 2020
Ocean Self-Unloaders	**$ 4,639**	$ 4,668
Global Short Sea Shipping	**140,819**	141,121
	$ 145,458	$ 145,789

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 certain loans of the joint ventures. Amounts relating to transactions with joint ventures are as follows:

For the periods ended March 31 (unaudited, in thousands of dollars)	**2021**	2020
Revenue	**$ 461**	$ 463
Interest income	**—**	135

For the period ended (unaudited, in thousands of dollars)	**March 31 2021**	December 31 2020
Accounts receivable	**$ 7,162**	$ 11,456
Loans guaranteed by the Company	**23,401**	25,162

6. INTEREST EXPENSE

The components of interest expense are as follows:

For the periods ended March 31 (unaudited, in thousands of dollars)	**2021**	2020
Interest expense on borrowings	**$ (4,839)**	$ (4,589)
Amortization of financing costs	**(385)**	(272)
Interest on employee future benefits, net	**(363)**	(229)
Interest capitalized on vessels under construction	**270**	99
	$ (5,317)	$ (4,991)

7. FOREIGN CURRENCY GAIN

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

For the periods ended March 31 (unaudited, in thousands of dollars)	2021	2020
Gain on foreign denominated cash and debt	$ 1	$ 242
Unrealized gain on foreign exchange forward contracts	52	—
	$ 53	$ 242

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:

For the periods ended March 31 (unaudited, in thousands of dollars)	2021	2020
Combined federal and provincial statutory income tax rate	26.5%	26.5%
Net loss before income tax and earnings (loss) from investments in joint ventures	$ (34,630)	$ (31,996)
Expected income tax recovery	$ 9,177	$ 8,479
Increase (decrease) in recovery resulting from:		
Foreign tax rates different from Canadian statutory rate	1,152	957
Effect of items that are not taxable (deductible)	9	(68)
Adjustments to prior period provision	410	185
Other	(6)	80
	$ 10,742	$ 9,633

9. LEASES

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

	Right-of-use assets		Lease liabilities	
	March 31	December 31	March 31	December 31
(unaudited, in thousands of dollars)	2021	2020	2021	2020
Opening balance	$ 511	$ 360	$ 522	$ 376
Additions	89	265	89	265
Depreciation	(29)	(110)	—	—
Interest accretion	—	—	8	31
Payments	—	—	(77)	(144)
Remeasurement adjustment	(220)	—	(220)	—
Effect of foreign currency exchange differences	—	(4)	(1)	(6)
Closing balance	$ 351	$ 511	$ 321	$ 522

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 interim condensed consolidated statement of earnings.

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

For the periods ended March 31 (unaudited, in thousands of dollars)	2021	2020
Payments - short term leases	$ 2	$ 622
Payments per IFRS 16	77	33
Non-lease components per IFRS 16	14	20
Total cash payments	$ 93	$ 675

10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

	March 31	December 31
As at (unaudited, in thousands of dollars)	2021	2020
Materials and supplies	$ 10,305	$ 8,880
Prepaid expenses	12,026	6,267
	$ 22,331	$ 15,147

11. PROPERTY, PLANT, AND EQUIPMENT

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

Cost (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at December 31, 2020	$ 649,802	$ 242,940	$ 379,751	$ 53,717	$ 20,606	$ 1,346,816
Additions	3,728	5	3,141	34	385	7,293
Disposals	(8,419)	—	(786)	—	—	(9,205)
Transferred to held for sale	(1,867)	(10,690)	—	—	—	(12,557)
Fully depreciated assets no longer in use	(291)	—	—	(74)	—	(365)
Effect of foreign currency exchange differences and other adjustments	—	—	(4,748)	—	(1)	(4,749)
Balance at March 31, 2021	**$ 642,953**	**$ 232,255**	**$ 377,358**	**$ 53,677**	**$ 20,990**	**$ 1,327,233**

Accumulated depreciation (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
Balance at December 31, 2020	$ 189,291	$ 135,074	$ 114,629	$ 39,164	$ 12,670	$ 490,828
Depreciation expense	6,680	3,494	6,402	643	245	17,464
Disposals	(7,869)	—	(655)	—	—	(8,524)
Transferred to held for sale	(1,772)	(7,153)	—	—	—	(8,925)
Fully depreciated assets no longer in use	(291)	—	—	(74)	—	(365)
Effect of foreign currency exchange differences and other adjustments	—	—	(1,625)	—	—	(1,625)
Balance at March 31, 2021	**$ 186,039**	**$ 131,415**	**$ 118,751**	**$ 39,733**	**$ 12,915**	**$ 488,853**

Net Book Value (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
March 31, 2021						
Cost	$ 642,953	$ 232,255	$ 377,358	$ 53,677	$ 20,990	$ 1,327,233
Accumulated depreciation	186,039	131,415	118,751	39,733	12,915	488,853
	$ 456,914	**$ 100,840**	**$ 258,607**	**$ 13,944**	**$ 8,075**	**$ 838,380**
December 31, 2020						
Cost	$ 649,802	$ 242,940	$ 379,751	$ 53,717	$ 20,606	$ 1,346,816
Accumulated depreciation	189,291	135,074	114,629	39,164	12,670	490,828
	$ 460,511	$ 107,866	$ 265,122	$ 14,553	$ 7,936	$ 855,988

In the first quarter of 2021, the Company began actively marketing its bunkering vessel for sale. The vessel's carrying value has been reclassified to non-current assets held for sale on the Interim Condensed Consolidated Balance Sheet.

The Company sold an industrial property located in Port Colborne during the fourth quarter of 2020. Gross proceeds from the sale are $1,800 and the transaction is scheduled to close in the second quarter of 2021. This property has also been classified as held for sale.

12. 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.

13. OTHER ASSETS

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	**March 31 2021**	December 31 2020
Progress payments for shipbuilding contracts	**$ 25,261**	$ 24,114
Right-of-use assets (Note 9)	**351**	511
Other	**9**	8
	$ 25,621	$ 24,633

14. OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	March 31 2021	December 31 2020
Accrued interest on long-term debt	**$ 4,766**	$ 666
Dividends payable	**4,216**	101,735
Lease obligations (Note 9)	**271**	194
Derivative liability	**—**	1,296
	$ 9,253	$ 103,891

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	March 31 2021	December 31 2020
Deferred compensation	**$ 810**	$ 1,173
Lease obligations (Note 9)	**50**	328
	$ 860	$ 1,501

16. LONG-TERM DEBT

As at (unaudited, in thousands of dollars)	March 31 2021	December 31 2020
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 80,764**	$ 80,646
Senior Secured Notes		
U.S. $20,000, interest at 3.37%, due December 10, 2027	**25,150**	25,464
U.S. $42,000, interest at 3.60%, due December 10, 2030	**52,815**	53,474
U.S. $35,000, interest at 3.70%, due December 10, 2032	**44,013**	44,562
U.S. $50,000, interest at 3.80%, due December 10, 2035	**62,875**	63,660
Canadian $128,000, interest at 4.01%, due December 10, 2035	**128,000**	128,000
Bank Facility, due June 21, 2021		
Bankers' Acceptance, interest at 0.54%, due within 1 year	**58,500**	—
Mortgage payable, due March 8, 2023, interest at 4.73%	**5,454**	5,490
	457,571	401,296
Less: unamortized financing expenses	**10,373**	10,663
	447,198	390,633
Less: current portion of long-term debt	**58,644**	143
	$ 388,554	$ 390,490

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 March 31, 2021 and December 31, 2020 the Company was in compliance with all of its covenants.

17. 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 March 31, 2021 (December 31, 2020 - 37,800,943).

At March 31, 2021 and December 31, 2020 there were no preferred shares issued and outstanding.

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.17 per common share. The dividend will be paid on June 1, 2021 to shareholders of record on May 18, 2021.

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

For the periods ended March 31 (unaudited, in thousands of dollars)	**2021**	2020
Net loss	**$ (22,416)**	$ (23,626)
Interest expense on debentures, net of tax	**986**	988
Net earnings for diluted earnings per share	**$ (21,430)**	$ (22,638)
Basic weighted average common shares	**37,800,943**	37,807,910
Shares due to dilutive effect of debentures	**5,055,147**	4,125,000
Diluted weighted average common shares	**42,856,090**	41,932,910
Basic loss per common share	**$ (0.59)**	$ (0.62)
Diluted loss per common share	**$ (0.59)**	$ (0.62)

Normal Course Issuer Bid

On March 16, 2021, the Company renewed its normal course issuer bid ("NCIB") to purchase up to 1,890,047 of its common shares, representing approximately 5% of the common shares issued and outstanding as of the close of business on March 6, 2021.

Under the NCIB, the Company may purchase up to 3,163 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, 2021 and ending on March 18, 2022. 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.

Under the current NCIB, no common shares have been purchased or cancelled for the period ended March 31, 2021.

The Company's previous NCIB, which began on March 19, 2020 and concluded on March 18, 2021, resulted in the repurchase and cancellation of 1,200 common shares.

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Hedges			
(unaudited, in thousands of dollars)	Net investment	Purchase Commitment	Foreign exchange translation	Total
Balance at January 1, 2020	$ (21,680)	$ —	$ (4,270)	$ (25,950)
Gain (loss)	1,904	(812)	(8,092)	(7,000)
Reclassified to earnings	—	(1,300)	—	(1,300)
Reclassified to property, plant, and equipment	—	1,134	—	1,134
Income tax recovery	329	—	—	329
Net gain (loss)	2,233	(978)	(8,092)	(6,837)
Balance at December 31, 2020	$ (19,447)	$ (978)	$ (12,362)	$ (32,787)
Gain (loss)	2,308	(203)	(5,257)	(3,152)
Reclassified to property, plant, and equipment	—	175	—	175
Income tax expense	(619)	—	—	(619)
Net gain (loss)	1,689	(28)	(5,257)	(3,596)
Balance at March 31, 2021	**$ (17,758)**	**$ (1,006)**	**$ (17,619)**	**$ (36,383)**

19. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

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

For the three months ended March 31 (unaudited, in thousands of dollars)	Notes	**2021**	2020
Additions to property, plant, and equipment	11	**$ (7,293)**	$ (10,805)
Amounts included in working capital		**2,530**	2,248
Other non-cash adjustments		**154**	—
		$ (4,609)	$ (8,557)

20. COMMITMENTS

The Company has commitments to construct one gearless bulk carrier and, through its interest in a joint venture, an additional four bulk carriers. Remaining payments for the gearless bulk carrier are $17,272 ($13,735 USD) in 2021. The Company's share of payments for the other bulk carriers are $7,848 ($6,241 USD) in 2021 and 9,840 ($7,825 USD) in 2022.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments that are included in the interim condensed consolidated balance sheet comprise cash, accounts receivable and other receivables, accounts payable and accrued charges, derivative liabilities, dividends payable and long-term debt.

Fair Value

The carrying value of the Company's financial assets are equal to their fair values. The carrying value of the Company's financial liabilities approximate their fair values with the exception of long-term debt. The fair value hierarchy for the Company's financial liability not measured at fair value is as follows:

As at (unaudited, in thousands of dollars)	**March 31 2021**	December 31 2020
Long-term debt		
Carrying value	**$ 457,571**	$ 401,296
Fair value, classified as Level 2	**$ 448,337**	$ 406,522

The derivative liabilities were classified as Level 2.

The difference in the fair value of long-term debt compared to the carrying value is due to the difference in the rates on the debt compared to current market rates for similar instruments with similar terms. The fair value of the convertible debentures included in long-term debt is based on market rates.

Liquidity Risk

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

(in thousands of dollars)	2021	2022	2023	2024	2025 and Beyond	Total
Long-term debt	$ 58,607	$ 150	$ 5,197	$ 82,500	$ 312,853	$ 459,307
Capital asset commitments	25,120	9,840	—	—	—	34,960
Interest payments on long-term debt	16,502	16,481	16,291	14,065	109,721	173,060
	$ 100,229	$ 26,471	$ 21,488	$ 96,565	$ 422,574	$ 667,327

Foreign Exchange Risk

At March 31, 2021 and December 31, 2020, approximately 40% of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $32,671 and $46,373 at March 31, 2021 and December 31, 2020, 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 March 31, 2021 the Company did not have any foreign exchange forward contracts outstanding. As of December 31, 2020 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $17,500 USD and fair value loss of $1,296.

22. 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	Investment Properties	Corporate	Global Short Sea Shipping	Total
For the three months ended March 31, 2021 (unaudited, in thousands of dollars)							
Revenue	$ 24,552	$ 18,217	$ 32,496	$ 1,593	$ 741	$ —	$ 77,599
Operating expenses	(44,609)	(13,452)	(21,419)	(1,248)	(261)	—	(80,989)
Selling, general and administrative	(2,944)	(1,047)	(306)	—	(4,213)	—	(8,510)
Depreciation and amortization	(6,685)	(3,494)	(6,402)	(643)	(269)	—	(17,493)
Operating earnings (loss)	(29,686)	224	4,369	(298)	(4,002)	—	(29,393)
Interest, net	—	—	—	—	(5,290)	—	(5,290)
Foreign currency gain	—	—	—	—	53	—	53
	(29,686)	224	4,369	(298)	(9,239)	—	(34,630)
Income tax (expense) recovery	7,878	(59)	—	368	2,555	—	10,742
Net earnings from investments in joint ventures	—	—	28	—	—	1,444	1,472
Net earnings (loss)	$ (21,808)	$ 165	$ 4,397	$ 70	$ (6,684)	$ 1,444	$ (22,416)
For the three months ended March 31, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 21,095	$ 24,425	$ 36,377	$ 2,446	$ 754	$ —	$ 85,097
Operating expenses	(38,049)	(20,871)	(24,429)	(1,750)	(234)	—	(85,333)
Selling, general and administrative	(3,150)	(1,426)	(376)	—	(3,431)	—	(8,383)
Depreciation and amortization	(6,304)	(3,674)	(7,922)	(673)	(241)	—	(18,814)
Operating earnings (loss)	(26,408)	(1,546)	3,650	23	(3,152)	—	(27,433)
Interest, net	—	—	—	—	(4,805)	—	(4,805)
Foreign currency gain	—	—	—	—	242	—	242
	(26,408)	(1,546)	3,650	23	(7,715)	—	(31,996)
Income tax (expense) recovery	6,922	408	—	51	2,252	—	9,633
Net earnings (loss) from investments in joint ventures	—	—	924	—	—	(2,187)	(1,263)
Net earnings (loss)	$ (19,486)	$ (1,138)	$ 4,574	$ 74	$ (5,463)	$ (2,187)	$ (23,626)
As at March 31, 2021 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 28,087	$ 5,194	$ 28,378	$ 4,968	$ 64,713	$ —	$ 131,340
Property, plant, and equipment	456,914	100,840	258,607	13,944	8,075	—	838,380
Investments in joint ventures	—	—	4,639	—	—	140,819	145,458
Goodwill	7,910	—	—	—	—	—	7,910
Non-current assets held for sale	95	3,537	—	—	—	—	3,632
Other assets	25,345	—	9	—	267	—	25,621
	$ 518,351	$ 109,571	$ 291,633	$ 18,912	$ 73,055	$ 140,819	$ 1,152,341
Liabilities							
Current liabilities	$ 49,874	$ 8,408	$ 11,332	$ 455	$ 13,532	$ —	$ 83,601
Current portion of long-term debt	—	—	—	—	58,644	—	58,644
Long-term liabilities	2,142	15,300	59	—	62,336	—	79,837
Long-term debt	—	—	—	—	388,554	—	388,554
	52,016	23,708	11,391	455	523,066	—	610,636
Shareholders' Equity	466,335	85,863	280,242	18,457	(450,011)	140,819	541,705
	$ 518,351	$ 109,571	$ 291,633	$ 18,912	$ 73,055	$ 140,819	$ 1,152,341

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Global Short Sea Shipping	Total
As at December 31, 2020 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 39,990	$ 7,312	$ 22,792	$ 4,682	$ 114,000	$ —	$ 188,776
Property, plant, and equipment	460,511	107,866	265,122	14,553	7,936	—	855,988
Investments in joint ventures	—	—	4,668	—	—	141,121	145,789
Goodwill	7,910	—	—	—	—	—	7,910
Other assets	24,114	—	8	—	511	—	24,633
	$ 532,525	$ 115,178	$ 292,590	$ 19,235	$ 122,447	$ 141,121	$ 1,223,096
Liabilities							
Current liabilities	$ 44,217	$ 10,612	$ 12,903	$ 362	$ 111,086	$ —	$ 179,180
Current portion of long-term debt	—	—	—	—	143	—	143
Long-term liabilities	3,436	15,348	61	—	73,822	—	92,667
Long-term debt	—	—	—	—	390,490	—	390,490
	47,653	25,960	12,964	362	575,541	—	662,480
Shareholders' Equity	484,872	89,218	279,626	18,873	(453,094)	141,121	560,616
	$ 532,525	$ 115,178	$ 292,590	$ 19,235	$ 122,447	$ 141,121	$ 1,223,096

23. 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, 1,890,047 common shares have been reserved for future issuance. The outstanding options expire on various dates to February 26, 2026. The following table summarizes the Company's stock option activity and related information for the periods ended March 31, 2021 and December 31, 2020.

	March 31, 2021		December 31, 2020	
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	**343,542**	**$ 13.13**	230,000	$ 13.43
Granted	**112,668**	**14.69**	113,542	12.52
Exercise price adjustment	**—**	**(1.77)**	—	—
Number outstanding, end of period	**456,210**	**$ 12.18**	343,542	$ 13.13

The Company's Board of Directors authorized the payment of a special dividend in the amount of $2.65 per common share, which was paid on January 12, 2021. The payment of the special dividend triggered an adjustment of $1.77 to the weighted average exercise price of the stock options.

The following table summarizes information relating to stock options outstanding as at March 31, 2021.

	Options outstanding	
Exercise price per share (amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$10.75	113,542	3.91
$10.83	130,000	2.92
$12.74	100,000	2.10
$14.69	112,668	4.91

For the period ended March 31, 2021, the Company recognized compensation expense for stock option awards of $59 (2020 - $28). For the period ended March 31, 2021, 112,668 (2020 - 113,542) options were granted by the Company at a weighted average fair value of $1.77 per option (2020 - $1.08).

24. SUBSEQUENT EVENT

In December 2020, the Company pleaded guilty to a misdemeanour violation of the US Clean Water Act related to a self-reported accidental discharge of potentially contaminated bilge water into Lake Ontario that occurred in 2017. Under the plea, the Company agreed to pay a fine of US$500, to adopt certain improvements into its existing quality management procedures, and to be subject to a probationary environmental compliance program. The plea was accepted by the US Federal Court in April 2021.

2021

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