ALGOMA CENTRAL CORPORATION

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Three Months Ended March 31, 2019 and 2018

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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, 2019 and 2018 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	2019	2018
(unaudited, in thousands of dollars, except per share data)			(Note 4)
Revenue	5	**$ 71,853**	$ 60,488
Expenses			
Operations		**(74,610)**	(62,056)
Selling, general and administrative		**(8,869)**	(7,152)
		(83,479)	(69,208)
		(11,626)	(8,720)
Depreciation and amortization		**(14,964)**	(12,715)
Interest expense	7	**(3,725)**	(1,681)
Interest income		**422**	281
Foreign currency (loss) gain	8	**(2,138)**	8,292
		(32,031)	(14,543)
Income Tax Recovery	9	**10,433**	3,523
Net (Loss) Earnings of Joint Ventures	6	**(1,202)**	1,878
Net Loss		**$ (22,800)**	$ (9,142)
Basic Loss per Share	17	**$ (0.59)**	$ (0.23)
Diluted Loss per Share	17	**$ (0.59)**	$ (0.23)

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)	**2019**	2018
		(Note 4)
Net Loss	**$ (22,800)**	$ (9,142)
Other Comprehensive (Loss) Earnings		
Items that may be subsequently reclassified to net earnings:		
Unrealized (loss) gain on translation of financial statements of foreign operations	**(7,290)**	8,043
Unrealized gain (loss) on hedging instruments, net of income tax	**1,815**	(815)
Foreign exchange gain on purchase commitment hedge reserve, net of income tax, transferred to:		
Net earnings	**—**	(2,852)
Property, plant, and equipment	**—**	(33)
Items that will not be subsequently reclassified to net earnings:		
Employee future benefits actuarial loss, net of income tax	**(2,675)**	(1,237)
	(8,150)	3,106
Comprehensive Loss	**$ (30,950)**	$ (6,036)

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 2019	December 31 2018
Assets			
Current			
Cash and cash equivalents		**$ 35,447**	$ 25,539
Accounts receivable		**44,418**	72,714
Income taxes recoverable		**23,241**	18,826
Other current assets	10	**17,758**	82,908
		120,864	199,987
Employee Future Benefits		**—**	2,452
Property, Plant, and Equipment	11	**786,535**	726,251
Goodwill and Intangible Assets	12	**14,383**	15,653
Investment in Joint Ventures	6	**147,609**	153,289
Other Assets	13	**14,606**	14,261
		$ 1,083,997	$ 1,111,893
Liabilities			
Current			
Accounts payable and accrued charges		**$ 69,195**	$ 67,032
Current portion of long-term debt	16	**15,131**	130
Income taxes payable		**384**	7,343
Other current liabilities	14	**936**	796
		85,646	75,301
Other Long-Term Liabilities	15	**937**	3,296
Deferred Income Taxes		**47,940**	48,430
Employee Future Benefits		**25,199**	23,853
Long-Term Debt	16	**256,716**	258,458
		330,792	334,037
Commitments	20		
Shareholders' Equity			
Share Capital	17	**8,237**	8,240
Contributed Surplus		**8,638**	8,839
Convertible Debentures		**2,309**	2,309
Accumulated Other Comprehensive Loss	18	**(16,320)**	(10,845)
Retained Earnings		**664,695**	694,012
		667,559	702,555
		$ 1,083,997	$ 1,111,893

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 December 31, 2017 (Note 4)	$ 8,268	$ 13,012	$ (23,507)	$ 665,293	$ 663,066
Net loss	—	—	—	(9,142)	(9,142)
Dividends	—	—	—	(3,502)	(3,502)
Repurchase and cancellation of common shares	(1)	(139)	—	—	(140)
Other comprehensive earnings (loss)	—	—	4,343	(1,237)	3,106
Balance at March 31, 2018 (Note 4)	$ 8,267	$ 12,873	$ (19,164)	$ 651,412	$ 653,388
Balance at December 31, 2018	$ 8,240	$ 11,148	$ (10,845)	$ 694,012	$ 702,555
Net loss	—	—	—	(22,800)	(22,800)
Dividends	—	—	—	(3,842)	(3,842)
Repurchase and cancellation of common shares	(3)	(201)	—	—	(204)
Other comprehensive loss	—	—	(5,475)	(2,675)	(8,150)
Balance at March 31, 2019	**$ 8,237**	**$ 10,947**	**$ (16,320)**	**$ 664,695**	**$ 667,559**

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	2019	2018
			(Note 4)
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net loss		**$ (22,800)**	$ (9,142)
Loss (earnings) of joint ventures	6	**1,202**	(1,878)
Items not affecting cash			
Depreciation and amortization		**14,964**	12,715
Other		**(4,993)**	(10,415)
Net change in non-cash operating working capital		**28,340**	17,708
Income taxes paid		**(718)**	(3,261)
Employee future benefits paid		**(279)**	(610)
Net cash generated from operating activities		**15,716**	5,117
Investing			
Additions to property, plant, and equipment	19	**(74,741)**	(22,418)
Cancellation refunds received		**66,242**	—
Distributions received from joint ventures	6	**2,078**	6,448
Investment in joint ventures	6	**(794)**	(22,284)
Compensation payments to pool members		**(3,543)**	—
Interest received		**1,573**	281
Net cash used in investing activities		**(9,185)**	(37,973)
Financing			
Interest paid		**(5,137)**	(5,341)
Proceeds of long-term debt		**15,000**	76,334
Repayments on long-term debt		**(32)**	(18,818)
Repurchase of common shares		**(204)**	(140)
Dividends paid		**(3,747)**	(3,502)
Net cash generated from financing activities		**5,880**	48,533
Net Change in Cash		**12,411**	15,677
Effects of Exchange Rate Changes on Cash Held in Foreign Currencies		**(2,503)**	1,048
Cash, Beginning of Period		**25,539**	68,860
Cash, End of Period		**$ 35,447**	$ 85,585

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, 2019 and 2018 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 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 of five ocean-going self-unloading vessels, a 50% interest in a sixth self-unloader and a 25% interest in a specialized ocean vessel. 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, through joint ventures, 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, 2018 and 2017, except as described in Note 3. The financial statements should be read in conjunction with the Company's Consolidated Financial Statements for the years ended December 31, 2018 and 2017.

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 3, 2019.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

APPLIED

Leases

Effective January 1, 2019, the Company adopted *IFRS 16 - Leases* (IFRS 16), which supersedes *IAS 17 - Leases* (IAS 17) and its interpretive guidance.

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a lease. IFRS 16 eliminates the classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. IFRS 16 also substantially carries forward the lessor accounting requirements. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. Right-of-use assets and lease liabilities will be amortized and accreted with a different pattern of expense being recognized in the statement of earnings.

The Company applied this standard using a modified retrospective approach using the following practical expedients:

- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- For contracts entered into before the transition date, the Company relied on its assessment made applying IAS 17 and IFRIC 4 - Determining Whether an Arrangement Contains a Lease

On adoption of IFRS 16, the Company recognized lease liabilities in relation to leases which had previously been classified as operating leases under IAS 17. These liabilities were measured at the present value of the remaining lease payments, discounted using an incremental borrowing rate of 5.95% as of January 1, 2019.

The associated right-of-use asset was measured at an amount equal to the lease liability. There were no onerous lease contracts requiring an adjustment to the right-of-use assets at the date of initial application.

The change in accounting policy affected the following items in the balance sheet on January 1, 2019:

- Right-of-use asset - increase by $429
- Lease liability - increase by $429

The Company's leasing activities

The Company leases property in the form of offices and warehouses. Rental contracts are typically for fixed periods from 5 years, but may have extension options. Where the Company is reasonably certain to extend the option, it is included in the term of the lease. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants.

The Company may from time to time enter into short term leases of vessels or tankers which are limited to a maximum of 12 months. Payments associated with short term leases are recognized on a straight-line basis as an expense in the interim condensed consolidated statement of earnings, in line with the practical expedient in the standard.

Prior to adoption of IFRS 16, all leases were classified as operating leases, which were charged to the interim condensed consolidated statement of earnings on a straight-line basis over the period of the lease. From January 1, 2019, leases are recognized in full on the interim condensed consolidated balance sheet with a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period producing a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Lease liabilities include the net present value of fixed payments and any variable payments which are based on an index, discounted using the Company's incremental borrowing rate. Right-of-use assets are measured at the amount of the initial lease liability and adjusted for prepaid lease payments, initial direct costs and restoration costs, if applicable.

Some property leases contain variable payment terms for the Common Area Maintenance which is recorded directly to the interim condensed consolidated statement of earnings.

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 tables below show continuity schedules of the right-of-use asset and lease liability:

(unaudited, in thousands of dollars)		**2019**
Right-of-use asset at January 1	$	429
Depreciation		(15)
Effect of foreign currency exchange differences		(8)
Right-of-use asset at March 31	**$**	**406**

(unaudited, in thousands of dollars)		**2019**
Lease liability at January 1	$	429
Interest accretion		5
Payments		(14)
Effect of foreign currency exchange differences		(19)
Lease liability at March 31	**$**	**401**

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. For the three months ended March 31, 2019, these amounts correspond to the depreciation of $15 and the interest accretion of $5 reported in the tables above.

Shown below is a table detailing the components of all cash payments relating to leases following the adoption of IFRS 16:

For the period ended March 31 (unaudited, in thousands of dollars)		**2019**
Payments - short term leases	$	4,812
Payments per IFRS 16		14
Non-lease components per IFRS 16		14
Total cash payments	**$**	**4,840**

Shown below is a maturity analysis of the lease liabilities:

As at March 31 (unaudited, in thousands of dollars)		**2019**
Within 1 year	$	48
Within 1 to 5 years		170
Over 5 years		183
Total lease liabilities	**$**	**401**

4. REVISIONS TO PRIOR PERIOD COMPARATIVES

In the second quarter of 2018, the Company identified an immaterial error relating to the fair value measurement of a foreign exchange forward contract recorded as of December 31, 2017 and March 31, 2018, resulting in a reduction of 2017 previously reported net earnings of $2,605, and a reduction of previously reported net loss for the three months ended March 31, 2018 of $1,689. This immaterial error has been retrospectively adjusted in the balance sheet and statement of earnings as described below.

The impact on the comparative interim condensed consolidated statement of earnings is outlined in the table below. The impact to the interim condensed consolidated balance sheet previously reported as at March 31, 2018 was an overstatement of derivative liabilities of $1,056 and an understatement of income taxes payable of $140. There has been no change to the previously reported cash flows from operating, investing, and financing activities in the comparative interim condensed consolidated statements of cash flow for any period and there was no impact to any other prior periods.

For the three months ended March 31 (unaudited, in thousands of dollars, except per share data)		2018
Impact on Net Loss		
Net loss as previously reported	$	(7,453)
Adjustment to unrealized gain on foreign currency		(1,947)
Adjustment to income tax expense		258
Adjustment to net loss		(1,689)
Adjusted net loss	$	(9,142)
Impact on Loss per Share		
Basic weighted average number of shares outstanding		38,550,115
Impact of diluted securities		
Convertible unsecured subordinated debentures		3,900,709
Net loss per share as previously reported:		
Basic		(0.19)
Diluted		(0.19)
Impact of adjustment to net loss per share:		
Basic		(0.04)
Diluted		(0.04)
Adjusted net loss per share:		
Basic		(0.23)
Diluted		(0.23)

5. REVENUE

Disaggregated revenue by segment is as follows:

For the three months ended March 31 (unaudited, in thousand of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2019						
Contract of Affreightment	$ 8,803	$ —	$ —	$ —	$ —	$ 8,803
Time Charter	8,948	27,069	—	—	—	36,017
Pool Revenue Share	—	—	23,439	—	—	23,439
Other	102	2	—	2,654	836	3,594
	$ 17,853	**$ 27,071**	**$ 23,439**	**$ 2,654**	**$ 836**	**$ 71,853**
2018						
Contract of Affreightment	$ 8,971	$ —	$ —	$ —	$ —	$ 8,971
Time Charter	8,315	19,335	—	—	—	27,650
Pool Revenue Share	—	—	18,904	—	—	18,904
Other	915	—	—	3,303	745	4,963
	$ 18,201	$ 19,335	$ 18,904	$ 3,303	$ 745	$ 60,488

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

As at (unaudited, in thousands of dollars)	March 31 2019	December 31 2018
Contract assets		
Unbilled revenue	**$ 8,187**	$ 4,475

As at (unaudited, in thousands of dollars)	March 31 2019	December 31 2018
Contract liabilities		
Deferred revenue	**$ 843**	$ 1,045

6. JOINT VENTURES

The Company has a 50% interest in Marbulk Canada Inc. ("Marbulk"), which owns and operates ocean-going vessels and participates in an international commercial arrangement, 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 short sea dry-bulk vessels in global markets, and a 50% interest in NovaAlgoma Bulk Holdings Ltd. ("NABH"), which owns and operates a small fleet of deep sea vessels.

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

For the three months ended March 31 (unaudited, in thousands of dollars)	2019		2018	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 2,530**	**$ 61,682**	$ 2,264	$ 64,648
Operating expenses	**(1,740)**	**(52,609)**	(1,478)	(55,487)
Gain on sale of vessels	**—**	**1,174**	—	—
General and administrative	**(114)**	**(2,316)**	(233)	(1,097)
Depreciation and amortization	**(1,036)**	**(6,493)**	(917)	(2,709)
Interest expense	**(346)**	**(2,981)**	(350)	(1,019)
Foreign exchange (loss) gain	**(602)**	**89**	782	(256)
(Loss) earnings before undernoted	**(1,308)**	**(1,454)**	68	4,080
Net earnings of joint ventures	**—**	**459**	—	427
Net earnings attributable to non-controlling interest	**—**	**354**	—	—
Income tax (expense) recovery	**(150)**	**(55)**	(74)	(207)
Net (loss) earnings	**$ (1,458)**	**$ (696)**	$ (6)	$ 4,300
Company share of net (loss) earnings	**$ (729)**	**$ (348)**	$ (3)	$ 2,150
Amortization of vessel purchase price allocation and intangibles	**—**	**(125)**	—	(269)
Company share included in net (loss) earnings of joint ventures	**$ (729)**	**$ (473)**	$ (3)	$ 1,881

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

For the three months ended March 31 (unaudited, in thousands of dollars)	2019	2018
Ocean Self-Unloaders	**$ (729)**	$ (3)
Global Short Sea Shipping	**(473)**	1,881
	$ (1,202)	$ 1,878

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

As at (unaudited, in thousands of dollars)	**March 31 2019**		December 31 2018	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 5,442**	**$ 8,713**	$ 6,472	$ 18,171
Other current assets	**1,298**	**44,760**	1,518	53,524
Income taxes recoverable	**50**	**24**	52	25
Property, plant, and equipment	**31,050**	**416,650**	32,666	439,741
Investment in joint ventures	**—**	**18,100**	—	17,974
Intangible assets	**514**	**80**	624	61
Other assets	**—**	**29,098**	—	18,046
Current liabilities	**(2,570)**	**(55,625)**	(2,410)	(57,851)
Due to owners	**(29,074)**	**—**	(30,588)	—
Long-term debt	**—**	**(198,759)**	—	(226,061)
Other long-term liabilities	**—**	**(20,333)**	—	(11,141)
Deferred income taxes	**—**	**(615)**	—	(598)
Non-controlling interest	**—**	**(1,941)**	—	(2,345)
Net assets of jointly controlled operations	**$ 6,710**	**$ 240,152**	$ 8,334	$ 249,546
Company share of net assets	**$ 3,309**	**$ 120,076**	$ 4,167	$ 124,773
Goodwill and other purchase price adjustments	**—**	**24,224**	—	24,349
Company share of joint venture	**$ 3,309**	**$ 144,300**	$ 4,167	$ 149,122

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

As at (unaudited, in thousands of dollars)	**March 31 2019**	December 31 2018
Ocean Self-Unloaders	**$ 3,309**	$ 4,167
Global Short Sea Shipping	**144,300**	149,122
	$ 147,609	$ 153,289

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

For the three months ended March 31 (unaudited, in thousands of dollars)	**2019**		2018	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Ocean Self-Unloaders	**$ —**	**$ —**	$ 1,290	$ (5)
Global Short Sea Shipping	**2,078**	**(794)**	5,158	(22,279)
	$ 2,078	**$ (794)**	$ 6,448	$ (22,284)

7. INTEREST EXPENSE

The components of interest expense are as follows:

For the periods ended March 31 (unaudited, in thousands of dollars)	**2019**	2018
Interest expense on borrowings	**$ 3,728**	$ 4,291
Amortization of financing costs	**281**	286
Interest on employee future benefits, net	**195**	72
Interest capitalized on vessels under construction	**(479)**	(2,968)
	$ 3,725	$ 1,681

8. FOREIGN CURRENCY (LOSS) GAIN

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

For the periods ended March 31 (unaudited, in thousands of dollars)	2019	2018
(Loss) gain on foreign denominated cash	$ (363)	$ 3,707
Foreign exchange loss on contract cancellation receivable	(1,775)	—
Unrealized gain on foreign exchange forward contracts	—	4,585
	$ (2,138)	$ 8,292

9. 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)	2019	2018
Combined federal and provincial statutory income tax rate	26.5%	26.5%
Net loss before income tax and earnings of joint ventures	$ (32,031)	$ (14,543)
Expected income tax recovery	$ 8,488	$ 3,854
(Increase) decrease in expense resulting from:		
Effect of items that are not (deductible) taxable	231	432
Foreign tax rates different from Canadian statutory rate	381	237
Adjustments to prior period provision	1,419	(554)
Other	(86)	(446)
	$ 10,433	$ 3,523

10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

As at (unaudited, in thousands of dollars)	March 31 2019	December 31 2018
Materials and supplies	$ 8,175	$ 8,187
Prepaid expenses	9,342	4,401
Loan interest receivable	180	709
Right-of-use assets (Note 3)	61	—
Derivative asset	—	1,571
Contract cancellation receivable	—	68,040
	$ 17,758	$ 82,908

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, 2018	$ 17,716	$ 634,248	$ 217,597	$ 260,707	$ 57,833	$ 1,188,101
Additions	33	38,528	23,956	14,913	24	77,454
Effect of foreign currency exchange differences	(1)	—	—	(5,168)	—	(5,169)
Balance at March 31, 2019	**$ 17,748**	**$ 672,776**	**$ 241,553**	**$ 270,452**	**$ 57,857**	**$ 1,260,386**

Accumulated depreciation (unaudited, in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
Balance at December 31, 2018	$ 10,856	$ 219,231	$ 107,512	$ 85,883	$ 38,368	$ 461,850
Depreciation expense	229	5,481	3,140	4,261	676	13,787
Effect of foreign currency exchange differences	—	—	—	(1,786)	—	(1,786)
Balance at March 31, 2019	**$ 11,085**	**$ 224,712**	**$ 110,652**	**$ 88,358**	**$ 39,044**	**$ 473,851**

Net Book Value (unaudited, in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
March 31, 2019						
Cost	$ 17,748	$ 672,776	$ 241,553	$ 270,452	$ 57,857	$ 1,260,386
Accumulated depreciation	11,085	224,712	110,652	88,358	39,044	473,851
	$ 6,663	**$ 448,064**	**$ 130,901**	**$ 182,094**	**$ 18,813**	**$ 786,535**
December 31, 2018						
Cost	$ 17,716	$ 634,248	$ 217,597	$ 260,707	$ 57,833	$ 1,188,101
Accumulated depreciation	10,856	219,231	107,512	85,883	38,368	461,850
	$ 6,860	$ 415,017	$ 110,085	$ 174,824	$ 19,465	$ 726,251

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, 2018	$ 7,910	$ 7,921	$ 15,831
Additions	—	2,414	2,414
Amortization	—	(3,186)	(3,186)
Effect of foreign currency exchange differences	—	594	594
Balance at December 31, 2018	$ 7,910	$ 7,743	$ 15,653
Amortization	—	(1,102)	(1,102)
Effect of foreign currency exchange differences	—	(168)	(168)
Balance at March 31, 2019	**$ 7,910**	**$ 6,473**	**$ 14,383**

Goodwill

As part of a business acquisition in 2011, the Company recognized goodwill of $7,910 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. In April 2016, January 2017 and December 2018, 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)	**March 31 2019**	December 31 2018
Loan receivable from joint venture, interest at 4.98%	**$ 14,244**	$ 14,244
Right-of-use assets (Note 3)	**345**	—
Other	**17**	17
	$ 14,606	$ 14,261

14. OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	**March 31 2019**	December 31 2018
Dividends payable	**$ 762**	$ 668
Lease obligations (Note 3)	**48**	—
Compensation payable to Pool members	**126**	128
	$ 936	$ 796

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	**March 31 2019**	December 31 2018
Compensation payable to Pool members	**$ 584**	$ 3,296
Lease obligations (Note 3)	**353**	—
	$ 937	$ 3,296

A portion of the compensation paid to other Pool members for the retirement of five vessels is payable in annual instalments in future years and has been recorded as an Other Long-Term Liability. The Company's share of the liability related to this compensation is payable in equal annual instalments that commenced April 1, 2017 over a period of two to four years.

16. LONG-TERM DEBT

As at (unaudited, in thousands of dollars)	**March 31 2019**	December 31 2018
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 79,853**	$ 79,749
Senior Secured Notes, due July 19, 2021		
U.S. $75,000, interest fixed at 5.11%	**100,223**	102,315
Canadian $75,000, interest fixed at 5.52%	**75,000**	75,000
Bank Facility, due July 15, 2020		
Prime rate loan, interest at 4.70%, payable on demand	**15,000**	—
Mortgage payable, due March 8, 2023, interest at 4.73%	**5,724**	5,756
	275,800	262,820
Less: unamortized financing expenses	**3,953**	4,232
	271,847	258,588
Less: current portion of long-term debt	**15,131**	130
	$ 256,716	$ 258,458

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, 2019 and December 31, 2018 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 has 38,406,215 common shares outstanding as at March 31, 2019 (December 31, 2018 - 38,421,615).

At March 31, 2019 and December 31, 2018 there were no preferred shares issued and outstanding.

The Company’s Board of Directors on May 3, 2019 authorized payment of a quarterly dividend to shareholders of $0.10 per common share. In addition to the quarterly dividend, the Company’s Board of Directors authorized payment of a special dividend of $0.75 per common share. The dividends are payable on June 3, 2019 to shareholders of record on May 17, 2019.

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

For the periods ended March 31 (unaudited, in thousands of dollars)	2019	2018
		(Note 4)
Net loss	$ **(22,800)**	$ (9,142)
Interest expense on debentures, net of tax	**975**	971
Net loss for diluted earnings per share	$ **(21,825)**	$ (8,171)
Basic weighted average common shares	**38,411,882**	38,550,115
Shares due to dilutive effect of debentures	**3,900,709**	3,900,709
Diluted weighted average common shares	**42,312,591**	42,450,824
Basic loss per common share	$ **(0.59)**	$ (0.23)
Diluted loss per common share	$ **(0.59)**	$ (0.23)

Normal Course Issuer Bid

On March 15, 2019, the Toronto Stock Exchange accepted Algoma's notice of intention to renew its normal course issuer bid ("NCIB") to purchase up to 1,920,735 of its common shares, representing approximately 5% of the common shares issued and outstanding as of the close of business on March 7, 2019.

Under the NCIB, the Company may purchase up to 1,000 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, 2019 and ending on March 18, 2020. 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 January 29, 2018 and concluded on January 28, 2019, resulted in the repurchase and cancellation of 137,600 common shares.

18. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Hedges			
(unaudited, in thousands of dollars)	Net investment	Purchase commitment	Foreign exchange translation	Total
Balance at December 31, 2017	$ (13,179)	$ 665	$ (10,993)	$ (23,507)
(Loss) gain	(11,677)	1,914	26,865	17,102
Reclassified to earnings	—	(3,284)	—	(3,284)
Reclassified to property, plant, and equipment	—	(72)	—	(72)
Income tax (expense) recovery	(1,861)	777	—	(1,084)
Net (loss) gain	(13,538)	(665)	26,865	12,662
Balance at December 31, 2018	$ (26,717)	$ —	$ 15,872	$ (10,845)
Gain (loss)	2,093	—	(7,291)	(5,198)
Income tax expense	(277)	—	—	(277)
Net gain (loss)	1,816	—	(7,291)	(5,475)
Balance at March 31, 2019	**$ (24,901)**	**$ —**	**$ 8,581**	**$ (16,320)**

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	2019	2018
Additions to Property, Plant, and Equipment	11	$ **77,454**	$ 28,909
Capitalized interest	7	**(479)**	(2,968)
Amounts included in working capital		**(2,234)**	(3,523)
		$ **74,741**	$ 22,418

20. COMMITMENTS

The Company has remaining commitments to acquire the interest held by Oldendorff Carriers GMBH & Co. in the CLSI Pool and, through its interest in a joint venture, six bulk carriers. The payment of $120,868 ($90,450 US) will take place in May 2019 for the Pool interest. The Company's share of payments for the bulk carriers are $7,176 ($5,370 US) in 2019 and $18,842 ($14,100 US) in 2020.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Company's financial instruments that are included in the consolidated balance sheets comprise cash and cash equivalents, 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)	**March 31 2019**	December 31 2018
Financial assets carrying and fair value:		
Cash and cash equivalents	**$ 35,447**	$ 25,539
Accounts receivable	**$ 44,418**	$ 72,714
Derivative asset	**$ —**	$ 1,571
Contract cancellation receivable	**$ —**	$ 68,040
Loan interest receivable	**$ 180**	$ 709
Other assets	**$ 14,261**	$ 14,261
Financial liabilities carrying and fair value:		
Accounts payable and accrued charges	**$ 69,195**	$ 67,032
Dividends payable	**$ 762**	$ 668
Compensation payable to Pool members	**$ 710**	$ 3,296
Carrying value of long-term debt	**$ 275,800**	$ 262,820
Fair value of long-term debt	**$ 282,360**	$ 267,287

Risk Management and Financial Instruments

The Company is exposed to various risks arising from financial instruments. The following analysis provides a measurement of those risks.

Liquidity risk

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

(in thousands of dollars)	2019	2020	2021	2022	2023 and Beyond	Total
Long-term debt including equity component	$ 15,097	$ 136	$ 175,366	$ 150	$ 87,698	$ 278,447
Capital asset commitments	128,044	18,842	—	—	—	146,886
Interest payments on long-term debt	9,164	13,856	9,638	4,581	6,558	43,797
	$ 152,305	$ 32,834	$ 185,004	$ 4,731	$ 94,256	$ 469,130

Foreign currency exchange risk

At March 31, 2019 and December 31, 2018, approximately 38% and 38% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $16,376 and $10,676 at March 31, 2019 and December 31, 2018, 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.

As of March 31, 2019 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $nil (December 31, 2018 - $14,000) and fair value gain of $nil (December 31, 2018 - gain of $1,571).

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	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended March 31, 2019 (unaudited, in thousands of dollars)							
Revenue	$ 17,853	$ 27,071	$ 23,439	$ 836	$ 2,654	$ —	$ 71,853
Operating expenses	(35,070)	(21,227)	(16,130)	(237)	(1,946)	—	(74,610)
Selling, general and administrative	(2,905)	(1,056)	(459)	(4,449)	—	—	(8,869)
	(20,122)	4,788	6,850	(3,850)	708	—	(11,626)
Depreciation and amortization	(5,486)	(3,141)	(5,422)	(239)	(676)	—	(14,964)
Interest, net	—	—	—	(3,303)	—	—	(3,303)
Foreign currency loss	—	—	—	(2,138)	—	—	(2,138)
	(25,608)	1,647	1,428	(9,530)	32	—	(32,031)
Income Tax Recovery	6,881	(437)	2	3,995	(8)	—	10,433
Net Loss of Joint Ventures	—	—	(729)	—	—	(473)	(1,202)
Net Loss	$ (18,727)	$ 1,210	$ 701	$ (5,535)	$ 24	$ (473)	$ (22,800)

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
As at March 31, 2019 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 35,304	$ 3,847	$ 14,602	$ 59,257	$ 7,854	$ —	$ 120,864
Property, Plant, and Equipment	448,064	130,901	182,094	6,663	18,813	—	786,535
Goodwill and Intangible Assets	7,910	—	6,473	—	—	—	14,383
Investment in Joint Ventures	—	—	3,309	—	—	144,300	147,609
Other Assets	10	—	5	14,591	—	—	14,606
	$ 491,288	$ 134,748	$ 206,483	$ 80,511	$ 26,667	$ 144,300	$ 1,083,997
Liabilities							
Current liabilities	$ 31,873	$ 13,460	$ 11,842	$ 12,433	$ 907	$ —	$ 70,515
Current portion of long-term debt	—	—	—	15,131	—	—	15,131
Long-Term Liabilities	34,433	15,411	659	20,516	3,057	—	74,076
Long-Term Debt	—	—	—	256,716	—	—	256,716
	66,306	28,871	12,501	304,796	3,964	—	416,438
Shareholders' Equity	424,982	105,877	193,982	(224,285)	22,703	144,300	667,559
	$ 491,288	$ 134,748	$ 206,483	$ 80,511	$ 26,667	$ 144,300	$ 1,083,997

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended March 31, 2018 (unaudited, in thousands of dollars)							
Revenue	$ 18,201	$ 19,335	$ 18,904	$ 745	$ 3,303	$ —	$ 60,488
Operating expenses	(32,584)	(15,208)	(12,175)	(127)	(1,962)	—	(62,056)
Selling, general and administrative	(2,804)	(737)	(734)	(2,877)	—	—	(7,152)
	(17,187)	3,390	5,995	(2,259)	1,341	—	(8,720)
Depreciation and amortization	(4,671)	(2,463)	(4,525)	(260)	(796)	—	(12,715)
Interest, net	—	—	—	(1,400)	—	—	(1,400)
Foreign currency gain	3,977	—	—	4,315	—	—	8,292
	(17,881)	927	1,470	396	545	—	(14,543)
Income Tax Recovery (Expense)	5,185	(246)	(1)	(1,271)	(144)	—	3,523
Net Earnings of Joint Ventures	—	—	(3)	—	—	1,881	1,878
Net Loss	$ (12,696)	$ 681	$ 1,466	$ (875)	$ 401	$ 1,881	$ (9,142)
As at December 31, 2018 (unaudited, in thousands of dollars)							
Assets							
Current assets	$ 57,247	$ 8,224	$ 15,599	$ 111,622	$ 7,295	$ —	$ 199,987
Property, Plant, and Equipment	415,017	110,085	174,824	6,860	19,465	—	726,251
Goodwill and Intangible Assets	7,910	—	7,743	—	—	—	15,653
Investment in Joint Ventures	—	—	4,167	—	—	149,122	153,289
Other Assets	—	—	6	16,707	—	—	16,713
	$ 480,174	$ 118,309	$ 202,339	$ 135,189	$ 26,760	$ 149,122	$ 1,111,893
Liabilities							
Current liabilities	$ 36,756	$ 12,412	$ 9,717	$ 15,171	$ 1,115	$ —	$ 75,171
Current portion of long-term debt	—	—	—	130	—	—	130
Long-Term Liabilities	33,441	15,722	3,715	19,644	3,057	—	75,579
Long-Term Debt	—	—	—	258,458	—	—	258,458
	70,197	28,134	13,432	293,403	4,172	—	409,338
Shareholders' Equity	409,977	90,175	188,907	(158,214)	22,588	149,122	702,555
	$ 480,174	$ 118,309	$ 202,339	$ 135,189	$ 26,760	$ 149,122	$ 1,111,893

Certain comparative figures have been reclassified to conform to the current year presentation which reflects the measures reviewed by the chief operating decision maker.

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, 1,920,736 common shares have been reserved for future issuance. The outstanding options expire on various dates to March 1, 2024. The following table summarizes the Company's stock option activity and related information for the period ended March 31, 2019 and year ended December 31, 2018.

As at (unaudited, in thousands of dollars, except per share data and number of shares)	**March 31 2019**		December 31 2018	
Stock Option Activity	**Number of shares**	**Weighted average exercise price**	Number of shares	Weighted average exercise price
Number outstanding, beginning of period	**250,000**	**$ 15.06**	—	$ —
Granted	**130,000**	**13.15**	250,000	15.06
Forfeited/cancelled	**(150,000)**	**15.06**	—	—
Number outstanding, end of period	**230,000**	**$ 13.98**	250,000	$ 15.06

The following table summarizes information relating to stock options outstanding as at March 31, 2019.

(unaudited, amounts not stated in thousands)	Options outstanding	
Exercise price per share	Number of shares	Remaining contractual life (years)
$13.15	130,000	4.92
$15.06	100,000	4.11

For the period ended March 31, 2019, the Company recognized compensation expense for stock option awards of $301 (December 31, 2018 - $110). For the period ended March 31, 2019, 130,000 (December 31, 2018 - 250,000) options were granted by the Company at a weighted average fair value of $1.99 per option (December 31, 2018 - $1.98).

24. SUBSEQUENT EVENT

Subsequent to the 2019 first quarter, the Company exercised an option to build a new Equinox Class seawaymax gearless bulker at the Jangzijiang Shipyard in China for $50.8 million (US$38 million).

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