ALGOMA CENTRAL CORPORATION INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2020 and 2019

ALGOMA CENTRAL CORPORATION

TABLE OF CONTENTS

ALGOMA CENTRAL CORPORATION

Interim Condensed Consolidated Financial Statements
For the Three and Nine Months Ended September 30, 2020 and 2019

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

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

Interim Condensed Consolidated Statement of Earnings

For the periods ended September 30 (unaudited, in thousands of dollars, except per share data)	Notes	Three Months Ended 2020	Three Months Ended 2019	Nine Months Ended 2020	Nine Months Ended 2019
Revenue	4	**$ 155,002**	$ 167,901	**$ 391,369**	$ 398,923
Operating expenses		**(90,118)**	(109,589)	**(271,790)**	(291,938)
Selling, general and administrative		**(6,086)**	(7,491)	**(21,759)**	(23,072)
Depreciation and amortization		**(18,256)**	(19,227)	**(55,711)**	(50,827)
Operating earnings		**40,542**	31,594	**42,109**	33,086
Interest expense	6	**(4,655)**	(5,777)	**(14,831)**	(14,361)
Interest income		**71**	220	**297**	979
Foreign currency gain (loss)	7	**259**	(372)	**432**	(976)
		36,217	25,665	**28,007**	18,728
Income tax expense	8	**(6,112)**	(7,758)	**(2,618)**	(1,528)
Net (loss) earnings from investments in joint ventures	5	**(7,870)**	3,142	**(9,038)**	3,162
Net Earnings		**$ 22,235**	$ 21,049	**$ 16,351**	$ 20,362
Basic earnings per share	18	**$ 0.59**	$ 0.55	**$ 0.43**	$ 0.53
Diluted earnings per share	18	**$ 0.55**	$ 0.52	**$ 0.43**	$ 0.53

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Comprehensive Earnings

For the periods ended September 30 (unaudited, in thousands of dollars)	Notes	Three Months Ended 2020	Three Months Ended 2019	Nine Months Ended 2020	Nine Months Ended 2019
Net Earnings		**$ 22,235**	$ 21,049	**$ 16,351**	$ 20,362
Other Comprehensive (Loss) Earnings					
Items that may be subsequently reclassified to net earnings:					
Unrealized (loss) gain on translation of financial statements of foreign operations		**(10,090)**	5,487	**12,275**	(12,372)
Unrealized gain (loss) on hedging instruments, net of income tax		**2,289**	(1,692)	**(5,251)**	2,713
Foreign exchange gain on purchase commitment hedge reserve, net of income tax, transferred to:					
Net earnings		**(298)**	—	**(298)**	—
Property, plant, and equipment		**1,005**	—	**1,005**	—
Items that will not be subsequently reclassified to net earnings:					
Employee future benefits actuarial gain (loss), net of income tax	16	**2,163**	(948)	**(24,414)**	(9,813)
		(4,931)	2,847	**(16,683)**	(19,472)
Comprehensive Earnings (Loss)		**$ 17,304**	$ 23,896	**$ (332)**	$ 890

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Balance Sheet

As at (unaudited, in thousands of dollars)	Notes	**September 30 2020**	December 31 2019
Assets			
Current			
Cash		**$ 13,508**	$ 18,865
Accounts receivable		**60,366**	67,612
Income taxes recoverable		**7,667**	7,311
Other current assets	10	**18,197**	20,641
		99,738	114,429
Property, plant, and equipment	11	**878,204**	856,387
Investments in joint ventures	5	**148,835**	142,794
Goodwill and intangible assets	12	**8,629**	11,194
Employee future benefits	16	**—**	4,610
Other assets	13	**16,025**	17,963
		$ 1,151,431	$ 1,147,377
Liabilities			
Current			
Accounts payable and accrued charges		**$ 55,171**	$ 63,441
Current portion of long-term debt	17	**265,473**	80,076
Income taxes payable		**1,250**	3,975
Other current liabilities	14	**5,431**	9,353
		327,325	156,845
Long-term debt	17	**83,837**	254,777
Employee future benefits	16	**53,819**	24,856
Deferred income taxes		**38,581**	48,480
Other long-term liabilities	15	**1,960**	1,998
		178,197	330,111
Commitments	21		
Shareholders' Equity			
Share capital	18	**8,110**	8,115
Contributed surplus		**996**	1,184
Convertible debentures		**2,309**	2,309
Accumulated other comprehensive loss	19	**(18,219)**	(25,950)
Retained earnings		**652,713**	674,763
		645,909	660,421
		$ 1,151,431	$ 1,147,377

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Changes in Equity

(unaudited, in thousands of dollars)	Share Capital	Contributed Surplus and Convertible Debentures	Accumulated Other Comprehensive Loss	Retained Earnings	Total Equity
	(Note 18)		(Note 19)		
Balance at December 31, 2018	$ 8,240	$ 11,148	$ (10,845)	$ 694,012	$ 702,555
Net earnings	—	—	—	20,362	20,362
Dividends	—	—	—	(40,290)	(40,290)
Repurchase and cancellation of common shares	(54)	(3,290)	—	—	(3,344)
Share-based compensation	—	129	—	—	129
Other comprehensive loss	—	—	(9,659)	(9,813)	(19,472)
Balance at September 30, 2019	$ 8,186	$ 7,987	$ (20,504)	$ 664,271	$ 659,940
Balance at December 31, 2019	$ 8,115	$ 3,493	$ (25,950)	$ 674,763	$ 660,421
Net earnings	—	—	—	16,351	16,351
Dividends	—	—	—	(13,987)	(13,987)
Repurchase and cancellation of common shares	(5)	(299)	—	—	(304)
Share-based compensation	—	111	—	—	111
Other comprehensive earnings (loss)	—	—	7,731	(24,414)	(16,683)
Balance at September 30, 2020	**$ 8,110**	**$ 3,305**	**$ (18,219)**	**$ 652,713**	**$ 645,909**

See accompanying notes to the interim condensed consolidated financial statements.

Interim Condensed Consolidated Statement of Cash Flows

For the nine months ended September 30 (unaudited, in thousands of dollars)	Notes	2020	2019
Net Inflow (Outflow) of Cash Related to the Following Activities			
Operating			
Net earnings		**$ 16,351**	$ 20,362
Net loss (earnings) from investments in joint ventures	5	**9,038**	(3,162)
Items not affecting cash			
Depreciation and amortization		**55,711**	50,827
Gain on sale of assets		**—**	(1,896)
Other		**18,565**	17,795
Net change in non-cash working capital		**3,151**	(6,268)
Income taxes paid, net of amounts received		**(6,442)**	246
Employee future benefits paid		**(2,064)**	(1,815)
Net cash generated from operating activities		**94,310**	76,089
Investing			
Additions to property, plant, and equipment	20	**(64,930)**	(206,350)
Cancellation refunds received		**—**	66,242
Distributions received from joint ventures	5	**—**	2,078
Investment in joint ventures	5	**—**	(8,011)
Compensation payments to other pool members for retired vessels		**(3,473)**	(5,382)
Progress payments for shipbuilding contracts		**(11,161)**	(3,553)
Interest received		**933**	1,192
Proceeds on sale of property, plant, and equipment		**—**	1,968
Net cash used in investing activities		**(78,631)**	(148,556)
Financing			
Interest paid		**(14,746)**	(14,496)
Proceeds of long-term debt		**119,501**	163,907
Repayments on long-term debt		**(110,798)**	(31,653)
Repurchase of common shares	18	**(277)**	(3,454)
Dividends paid		**(13,639)**	(39,302)
Net cash (used in) generated from financing activities		**(19,959)**	75,002
Net change in cash		**(4,280)**	2,535
Effects of exchange rate changes on cash held in foreign currencies		**(1,077)**	(2,678)
Cash, beginning of period		**18,865**	25,539
Cash, end of period		**$ 13,508**	$ 25,396

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 and nine months ended September 30, 2020 and 2019 comprise the Company, its subsidiaries and the Company's interest in associated and jointly controlled entities.

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

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

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

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

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

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

The nature of the Company's business is such that the earnings in the first quarter of each year are not indicative of the results for the other three quarters in a year. Due to the closing of the canal system and the winter weather conditions in the Great Lakes – St. Lawrence Waterway, the majority of the domestic dry-bulk fleet does not operate for most of the first quarter. In addition, significant repair and maintenance costs are incurred in the first quarter to prepare the domestic dry-bulk fleet for the upcoming navigation season. As a result, first quarter revenues and earnings are significantly lower than those for the remaining three quarters of the year.

2. STATEMENT OF COMPLIANCE

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

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

The interim condensed consolidated financial statements were approved by the Board of Directors and authorized for issue on November 3, 2020.

3. USE OF CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4. REVENUE

Disaggregated revenue by segment is as follows:

For the three months ended September 30 (unaudited, in thousand of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2020						
Contract of Affreightment	$ 87,866	$ —	$ —	$ —	$ —	$ 87,866
Time Charter	—	29,798	—	—	—	29,798
Pool Revenue Share	—	—	34,235	—	—	34,235
Other	278	—	—	2,119	706	3,103
	$ 88,144	**$ 29,798**	**$ 34,235**	**$ 2,119**	**$ 706**	**$ 155,002**
2019						
Contract of Affreightment	$ 91,173	$ —	$ —	$ —	$ —	$ 91,173
Time Charter	55	36,169	—	—	—	36,224
Pool Revenue Share	—	—	36,939	—	—	36,939
Other	488	—	—	2,358	719	3,565
	$ 91,716	$ 36,169	$ 36,939	$ 2,358	$ 719	$ 167,901

For the nine months ended September 30 (unaudited, in thousand of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Corporate	Total
2020						
Contract of Affreightment	$ 177,028	$ 1,356	$ —	$ —	$ —	$ 178,384
Time Charter	10,481	88,889	—	—	—	99,370
Pool Revenue Share	—	—	104,130	—	—	104,130
Other	688	—	—	6,561	2,236	9,485
	$ 188,197	**$ 90,245**	**$ 104,130**	**$ 6,561**	**$ 2,236**	**$ 391,369**
2019						
Contract of Affreightment	$ 183,893	$ 10	$ —	$ —	$ —	$ 183,903
Time Charter	11,908	103,172	—	—	—	115,080
Pool Revenue Share	—	—	89,508	—	—	89,508
Other	742	2	—	7,305	2,383	10,432
	$ 196,543	$ 103,184	$ 89,508	$ 7,305	$ 2,383	$ 398,923

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

As at (unaudited, in thousands of dollars)	**September 30 2020**	December 31 2019
Contract assets		
Unbilled revenue	**$ 4,934**	$ 8,525

As at (unaudited, in thousands of dollars)	**September 30 2020**	December 31 2019
Contract liabilities		
Deferred revenue	**$ 461**	$ 1,712

5. JOINT VENTURES

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

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

For the three months ended September 30 (unaudited, in thousands of dollars)	2020		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 1,514**	**$ 64,918**	$ 2,663	$ 65,869
Operating expenses	**(1,021)**	**(50,311)**	(1,157)	(53,619)
Gain on sale of vessels	**—**	**(6)**	—	2,554
General and administrative	**(457)**	**(1,870)**	(134)	(2,136)
Depreciation and amortization	**(825)**	**(7,792)**	(954)	(4,522)
Impairment provision	**(19,577)**	**—**	—	—
Interest expense	**—**	**(1,353)**	(284)	(2,715)
Foreign exchange loss	**2**	**250**	237	22
Compensation for pool vessel retirement	**—**	**—**	—	—
Other expenses	**—**	**—**	—	—
(Loss) earnings before undernoted	**(20,364)**	**3,836**	371	5,453
Net earnings of joint ventures	**—**	**466**	—	872
Net earnings attributable to non-controlling interest	**—**	**761**	—	342
Income tax (expense) recovery	**(113)**	**(15)**	(149)	195
Net (loss) earnings	**$ (20,477)**	**$ 5,048**	$ 222	$ 6,862
Company share of net (loss) earnings	**$ (10,239)**	**$ 2,524**	$ 111	$ 3,431
Amortization of vessel purchase price allocation and intangibles	**—**	**(155)**	—	(400)
Company share included in net (loss) earnings of joint ventures	**$ (10,239)**	**$ 2,369**	$ 111	$ 3,031

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

For the three months ended September 30 (unaudited, in thousands of dollars)	2020	2019
Ocean Self-Unloaders	**$ (10,239)**	$ 111
Global Short Sea Shipping	**2,369**	3,031
	$ (7,870)	$ 3,142

For the nine months ended September 30 (unaudited, in thousands of dollars)	2020		2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Revenue	**$ 7,097**	**$ 181,031**	$ 7,845	$ 190,022
Operating expenses	**(3,562)**	**(148,827)**	(4,053)	(157,838)
Gain on sale of vessels	**—**	**626**	—	5,749
General and administrative	**(752)**	**(5,943)**	(446)	(6,706)
Depreciation and amortization	**(2,677)**	**(21,467)**	(3,471)	(18,545)
Impairment provision	**(19,577)**	**—**	—	—
Interest expense	**(275)**	**(5,579)**	(980)	(8,718)
Foreign exchange loss	**(140)**	**173**	(960)	(14)
Compensation for pool vessel retirement	**—**	**—**	2,989	—
Other expenses	**(206)**	**—**	—	—
Earnings (loss) before undernoted	**(20,092)**	**14**	924	3,950
Net earnings of joint ventures	**—**	**1,204**	—	1,847
Net earnings attributable to non-controlling interest	**—**	**1,967**	—	1,201
Income tax (expense) recovery	**(334)**	**113**	(428)	129
Net earnings (loss)	**$ (20,426)**	**$ 3,298**	$ 496	$ 7,127
Company share of net earnings (loss)	**$ (10,213)**	**$ 1,649**	$ 248	$ 3,564
Amortization of vessel purchase price allocation and intangibles	**—**	**(474)**	—	(650)
Company share included in net earnings (loss) from investments in joint ventures	**$ (10,213)**	**$ 1,175**	$ 248	$ 2,914

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	2020	2019
Ocean Self-Unloaders	**$ (10,213)**	$ 248
Global Short Sea Shipping	**1,175**	2,914
	$ (9,038)	$ 3,162

Impairment provision

Earlier this year, a vessel owned by Marbulk was returned to the joint venture by its charterer. In light of the existing bulk shipping environment, this vessel currently has limited redeployment opportunities unless significant capital is spent to improve the vessel's operating flexibility and efficiency. During the quarter, Marbulk management completed a review of the events and circumstances to determine if the carrying value of the vessel was greater than the recoverable amount.

As a result of the review, Marbulk management concluded the carrying value of the vessel was impaired and recognized an impairment provision of $19,577 in its net loss. The impairment loss was calculated as the amount by which the carrying value of the vessel exceeded the net recoverable amount. The net recoverable amount was based on fair value, less costs of disposal, of the vessel. Level 2 inputs were used in determining the fair value.

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

As at (unaudited, in thousands of dollars)	**September 30 2020**		December 31 2019	
	Ocean Self-Unloaders	**Global Short Sea Shipping**	Ocean Self-Unloaders	Global Short Sea Shipping
Cash	**$ 3,744**	**$ 10,459**	$ 4,670	$ 9,130
Other current assets	**888**	**50,569**	628	50,350
Income taxes recoverable	**51**	**57**	49	41
Property, plant, and equipment	**5,548**	**438,507**	27,177	430,180
Investment in joint ventures	**—**	**21,701**	—	19,600
Intangible assets	**—**	**37**	—	72
Other assets	**—**	**12,983**	—	12,367
Current liabilities	**(431)**	**(53,768)**	(1,543)	(59,283)
Due to owners	**—**	**—**	(23,235)	—
Long-term debt	**—**	**(188,330)**	—	(185,615)
Other long-term liabilities	**—**	**(19,380)**	(244)	(11,903)
Deferred income taxes	**—**	**(506)**	—	(493)
Non-controlling interest	**—**	**1,241**	—	(672)
Net assets of jointly controlled operations	**$ 9,800**	**$ 273,570**	$ 7,502	$ 263,774
Company share of net assets	**$ 4,900**	**$ 136,785**	$ 3,751	$ 131,887
Goodwill and other purchase price adjustments	**—**	**7,150**	—	7,156
Company share of joint venture	**$ 4,900**	**$ 143,935**	$ 3,751	$ 139,043

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

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

As at (unaudited, in thousands of dollars)	**September 30 2020**	December 31 2019
Ocean Self-Unloaders	**$ 4,900**	$ 3,751
Global Short Sea Shipping	**143,935**	139,043
	$ 148,835	$ 142,794

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

For the nine months ended September 30 (unaudited, in thousand of dollars)	**2020**		2019	
	Distributions received	**Investment in joint ventures**	Distributions received	Investment in joint ventures
Ocean Self-Unloaders	**$ —**	**$ —**	$ —	$ —
Global Short Sea Shipping	**—**	**—**	2,078	(8,011)
	$ —	**$ —**	$ 2,078	$ (8,011)

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

For the periods ended September 30 (unaudited, in thousands of dollars)	Three Months Ended **2020**	Three Months Ended 2019	Nine Months Ended **2020**	Nine Months Ended 2019
Revenue	**$ 462**	$ 429	**$ 1,413**	$ 1,442

For the period ended (unaudited, in thousands of dollars)	**September 30 2020**	December 31 2019
Accounts receivable	**$ 11,470**	$ 5,515
Loan and interest receivable	**—**	11,618
Loans guaranteed by the Company	**27,271**	30,941

6. INTEREST EXPENSE

The components of interest expense are as follows:

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Interest expense on borrowings	**$ (4,346)**	$ (5,442)	**$ (13,775)**	$ (13,776)
Amortization of financing costs	**(272)**	(267)	**(816)**	(826)
Interest on employee future benefits, net	**(229)**	(196)	**(687)**	(586)
Interest capitalized on vessels under construction	**192**	128	**447**	827
	$ (4,655)	$ (5,777)	**$ (14,831)**	$ (14,361)

7. FOREIGN CURRENCY GAIN (LOSS)

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Gain (loss) on foreign denominated cash and debt	**$ 603**	$ (372)	**$ 776**	$ 799
Unrealized loss on foreign exchange forward contracts	**(344)**	—	**(344)**	—
Foreign exchange loss on contract cancellation receivable	**—**	—	**—**	(1,775)
	$ 259	$ (372)	**$ 432**	$ (976)

8. INCOME TAXES

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Combined federal and provincial statutory income tax rate	**26.5%**	26.5%	**26.5%**	26.5%
Net earnings (loss) before income tax and loss from investments in joint ventures	**$ 36,217**	$ 25,665	**$ 28,007**	$ 18,728
Expected income tax (expense) recovery	**$ (9,598)**	$ (6,801)	**$ (7,422)**	$ (4,963)
(Increase) decrease in expense resulting from:				
Effect of items that are not taxable (deductible)	**16**	(11)	**(21)**	230
Foreign tax rates different from Canadian statutory rate	**1,670**	1,400	**3,626**	2,899
Adjustments to prior period provision	**1,554**	(2,202)	**968**	518
Other	**246**	(144)	**231**	(212)
	$ (6,112)	$ (7,758)	**$ (2,618)**	$ (1,528)

9. LEASES

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

	Right-of-use assets		Lease liabilities	
	September 30	December 31	**September 30**	December 31
(unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Opening balance	**$ 360**	$ 429	**$ 376**	$ 429
Additions	**265**	24	**265**	24
Depreciation	**(82)**	(76)	—	—
Interest accretion	**—**	—	23	24
Payments	**—**	—	(67)	(84)
Effect of foreign currency exchange differences	**10**	(17)	(8)	(17)
Closing balance	**$ 553**	$ 360	**$ 589**	$ 376

Depreciation expense for the right-of-use assets is recognized within depreciation and amortization expenses while interest expense for the lease liabilities is recognized within interest expense in the consolidated statement of earnings. For the nine months ended September 30, 2020, these amounts correspond to the depreciation of $82 (2019 - $56) and the interest accretion of $23 (2019 - $18) reported in the table above.

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

For the periods ended September 30 (unaudited, in thousands of dollars)	**2020**	2019
Payments - short term leases	**$ 5,639**	$ 21,877
Payments per IFRS 16	**67**	51
Non-lease components per IFRS 16	**55**	43
Total cash payments	**$ 5,761**	$ 21,971

10. OTHER CURRENT ASSETS

The components of other current assets are as follows:

	September 30	December 31
As at (unaudited, in thousands of dollars)	**2020**	2019
Materials and supplies	**$ 8,190**	$ 10,583
Prepaid expenses	**9,051**	9,415
Derivative asset	**956**	—
Loan interest receivable	**—**	634
Right-of-use assets (Note 9)	**—**	9
	$ 18,197	$ 20,641

11. PROPERTY, PLANT, AND EQUIPMENT

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

Cost (unaudited, in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
Balance at December 31, 2019	$ 18,426	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 1,295,819
Additions	1,558	53,743	1,485	8,307	633	65,726
Transfer from progress payments for shipbuilding contracts	—	1,268	—	—	—	1,268
Fully depreciated assets no longer in use	—	(1,072)	(33)	(7,983)	—	(9,088)
Effect of foreign currency exchange differences and other adjustments	1	—	—	10,590	—	10,591
Balance at September 30, 2020	**$ 19,985**	**$ 651,501**	**$ 242,741**	**$ 393,605**	**$ 56,484**	**$ 1,364,316**

Accumulated depreciation (unaudited, in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
Balance at December 31, 2019	$ 11,758	$ 167,017	$ 120,534	$ 100,980	$ 39,143	$ 439,432
Depreciation expense	677	18,978	10,998	20,264	1,998	52,915
Fully depreciated assets no longer in use	—	(1,072)	(33)	(7,983)	—	(9,088)
Effect of foreign currency exchange differences and other adjustments	1	—	—	2,852	—	2,853
Balance at September 30, 2020	**$ 12,436**	**$ 184,923**	**$ 131,499**	**$ 116,113**	**$ 41,141**	**$ 486,112**

Net Book Value (unaudited, in thousands of dollars)	Corporate	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Investment Properties	Total
September 30, 2020						
Cost	$ 19,985	$ 651,501	$ 242,741	$ 393,605	$ 56,484	$ 1,364,316
Accumulated depreciation	12,436	184,923	131,499	116,113	41,141	486,112
	$ 7,549	**$ 466,578**	**$ 111,242**	**$ 277,492**	**$ 15,343**	**$ 878,204**
December 31, 2019						
Cost	$ 18,426	$ 597,562	$ 241,289	$ 382,691	$ 55,851	$ 1,295,819
Accumulated depreciation	11,758	167,017	120,534	100,980	39,143	439,432
	$ 6,668	$ 430,545	$ 120,755	$ 281,711	$ 16,708	$ 856,387

Subsequent to the quarter end, the Company sold a residential apartment building located in Sault Ste. Marie. The gross proceeds from the sale of the property were $6,250.

12. GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

(unaudited, in thousands of dollars)	Goodwill	Intangible Assets	Total
Balance at January 1, 2019	$ 7,910	$ 7,743	$ 15,653
Additions	—	746	746
Amortization	—	(4,903)	(4,903)
Effect of foreign currency exchange differences	—	(302)	(302)
Balance at December 31, 2019	$ 7,910	$ 3,284	$ 11,194
Amortization	—	(2,421)	(2,421)
Effect of foreign currency exchange differences	—	(144)	(144)
Balance at September 30, 2020	**$ 7,910**	**$ 719**	**$ 8,629**

Goodwill

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

Intangible Assets

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

13. OTHER ASSETS

Other assets consist of the following:

As at (unaudited, in thousands of dollars)	**September 30 2020**	December 31 2019
Loan receivable from joint venture, interest at 4.98%	**$ —**	$ 10,984
Progress payments for shipbuilding contracts	**15,463**	6,618
Right-of-use assets (Note 9)	**553**	351
Other	**9**	10
	$ 16,025	$ 17,963

14. OTHER CURRENT LIABILITIES

The components of other current liabilities are as follows:

As at (unaudited, in thousands of dollars)	September 30 2020	December 31 2019
Accrued interest on long-term debt	**$ 3,155**	$ 4,488
Dividends payable	**1,807**	1,459
Lease obligations (Note 9)	**195**	59
Derivative liability	**274**	—
Compensation payable to Pool members	**—**	3,347
	$ 5,431	$ 9,353

15. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consist of the following:

As at (unaudited, in thousands of dollars)	September 30 2020	December 31 2019
Deferred compensation	**$ 1,566**	$ 1,681
Lease obligations (Note 9)	**394**	317
	$ 1,960	$ 1,998

16. EMPLOYEE FUTURE BENEFITS

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

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

17. LONG-TERM DEBT

As at (unaudited, in thousands of dollars)	September 30 2020	December 31 2019
Convertible unsecured subordinated debentures, due June 30, 2024, interest at 5.25%	**$ 80,528**	$ 80,184
Senior Secured Notes, due July 19, 2021		
U.S. $75,000, interest fixed at 5.11%	**100,043**	97,410
Canadian $75,000, interest fixed at 5.52%	**75,000**	75,000
Bank Facility, due June 21, 2021		
Prime rate loan, interest at 4.95%, payable on demand	**—**	15,000
Base rate loan, U.S. $22,195, interest at 4.45%, payable on demand	**29,606**	—
LIBOR, U.S. $45,805, interest at 2.28%, due within 1 year	**61,099**	—
LIBOR, U.S. $50,000, interest at 3.91%, due within 1 year	**—**	64,940
Mortgage payable, due March 8, 2023, interest at 4.73%	**5,524**	5,625
	351,800	338,159
Less: unamortized financing expenses	**2,490**	3,306
	349,310	334,853
Less: current portion of long-term debt	**265,473**	80,076
	$ 83,837	$ 254,777

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

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

18. SHARE CAPITAL

Share capital

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

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

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

The Company's Board of Directors have authorized payment of a quarterly dividend to shareholders of $0.13 per common share. The dividend will be paid on December 1, 2020 to shareholders of record on November 17, 2020.

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

	Three Months Ended		Nine Months Ended	
For the periods ended September 30 (unaudited, in thousands of dollars)	**2020**	2019	**2020**	2019
Net earnings	**$ 22,235**	$ 21,049	**$ 16,351**	$ 20,362
Interest expense on debentures, net of tax	**1,000**	997	**2,976**	2,959
Net earnings for diluted earnings per share	**$ 23,235**	$ 22,046	**$ 19,327**	$ 23,321
Basic weighted average common shares	**37,800,943**	38,174,515	**37,803,266**	38,303,715
Shares due to dilutive effect of debentures	**4,125,000**	4,125,000	**4,125,000**	4,000,394
Diluted weighted average common shares	**41,925,943**	42,299,515	**41,928,266**	42,304,109
Basic earnings per common share	**$ 0.59**	$ 0.55	**$ 0.43**	$ 0.53
Diluted earnings per common share	**$ 0.55**	$ 0.52	**$ 0.43**	$ 0.53

Normal Course Issuer Bid

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

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

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

19. ACCUMULATED OTHER COMPREHENSIVE LOSS

	Hedges			
(unaudited, in thousands of dollars)	Net investment	Purchase Commitment	Foreign exchange translation	Total
Balance at December 31, 2018	$ (26,717)	$ —	$ 15,872	$ (10,845)
Gain (loss)	5,232	—	(20,142)	(14,910)
Income tax expense	(195)	—	—	(195)
Net gain (loss)	5,037	—	(20,142)	(15,105)
Balance at December 31, 2019	$ (21,680)	$ —	$ (4,270)	$ (25,950)
(Loss) gain	(4,830)	(947)	12,275	6,498
Reclassified to earnings	—	(344)	—	(344)
Reclassified to property, plant, and equipment	—	1,159	—	1,159
Income tax recovery (expense)	400	18	—	418
Net (loss) gain	(4,430)	(114)	12,275	7,731
Balance at September 30, 2020	**$ (26,110)**	**$ (114)**	**$ 8,005**	**$ (18,219)**

20. SUPPLEMENTARY DISCLOSURE OF CASH FLOW INFORMATION

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

For the nine months ended September 30 (unaudited, in thousands of dollars)	Notes	2020	2019
Additions to property, plant, and equipment	11	**$ (65,726)**	$ (207,661)
Capitalized interest		**—**	827
Amounts included in working capital		**796**	484
		$ (64,930)	$ (206,350)

21. COMMITMENTS

The Company has commitments to construct one gearless bulk carrier and, through its interest in a joint venture, an additional four bulk carriers. Payments for the gearless bulk carrier are $7,150 ($5,360 USD) in 2020 and $18,321 ($13,735 USD) in 2021. The Company's share of payments for the other bulk carriers are $18,761 ($14,065 USD) in 2021.

22. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

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

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

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

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

Fair Value

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

As at (unaudited, in thousands of dollars)	September 30 2020	December 31 2019
Financial assets carrying and fair value:		
Cash	**$ 13,508**	$ 18,865
Accounts receivable	**$ 60,366**	$ 67,612
Derivative asset	**$ 956**	$ —
Loan interest receivable	**$ —**	$ 634
Other assets	**$ —**	$ 10,994
Financial liabilities carrying and fair value:		
Accounts payable and accrued charges	**$ 55,171**	$ 63,441
Dividends payable	**$ 1,807**	$ 1,459
Accrued interest on long-term debt	**$ 3,155**	$ 4,488
Compensation payable to Pool members	**$ —**	$ 3,347
Carrying value of long-term debt	**$ 351,800**	$ 338,159
Fair value of long-term debt	**$ 353,934**	$ 346,985

Liquidity risk

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

(in thousands of dollars)	2020	2021	2022	2023	2024 and Beyond	Total
Long-term debt including equity component	$ 82,997	$ 182,929	$ 150	$ 5,196	$ 80,528	$ 351,800
Capital asset commitments	7,150	37,082	—	—	—	44,232
Interest payments on long-term debt	2,621	13,898	4,581	4,391	2,166	27,657
	$ 92,768	$ 233,909	$ 4,731	$ 9,587	$ 82,694	$ 423,689

Foreign Exchange Risk

At September 30, 2020 and December 31, 2019, approximately 39% and 41% respectively of the Company's total assets were denominated in U.S. dollars, including U.S. cash of $6,860 and $9,564 at September 30, 2020 and December 31, 2019, respectively.

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

At September 30, 2020 the Company had U.S. dollar denominated foreign exchange forward contracts outstanding with a notional principal of $54,000 USD and fair value gain of $682. As of December 31, 2019 the Company did not have any foreign exchange forward contracts outstanding.

23. SEGMENT DISCLOSURES

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

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

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended September 30, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 88,144	$ 29,798	$ 34,235	$ 706	$ 2,119	$ —	$ 155,002
Operating expenses	(51,446)	(16,305)	(20,233)	(237)	(1,897)	—	(90,118)
Selling, general and administrative	(2,901)	(1,150)	(353)	(1,682)	—	—	(6,086)
Depreciation and amortization	(6,353)	(3,654)	(7,330)	(252)	(667)	—	(18,256)
Operating earnings (loss)	27,444	8,689	6,319	(1,465)	(445)	—	40,542
Interest, net	—	—	—	(4,584)	—	—	(4,584)
Foreign currency loss	—	—	—	259	—	—	259
	27,444	8,689	6,319	(5,790)	(445)	—	36,217
Income tax (expense) recovery	(7,174)	(2,353)	2	3,295	118	—	(6,112)
Net (loss) earnings of joint ventures	—	—	(10,239)	—	—	2,369	(7,870)
Net earnings (loss)	$ 20,270	$ 6,336	$ (3,918)	$ (2,495)	$ (327)	$ 2,369	$ 22,235
For the nine months ended September 30, 2020 (unaudited, in thousands of dollars)							
Revenue	$ 188,197	$ 90,245	$ 104,130	$ 2,236	$ 6,561	$ —	$ 391,369
Operating expenses	(139,495)	(60,154)	(66,300)	(712)	(5,129)	—	(271,790)
Selling, general and administrative	(9,242)	(3,826)	(1,135)	(7,556)	—	—	(21,759)
Depreciation and amortization	(18,988)	(10,998)	(22,978)	(749)	(1,998)	—	(55,711)
Operating earnings (loss)	20,472	15,267	13,717	(6,781)	(566)	—	42,109
Interest, net	—	—	—	(14,534)	—	—	(14,534)
Foreign currency loss	—	—	—	432	—	—	432
	20,472	15,267	13,717	(20,883)	(566)	—	28,007
Income tax (expense) recovery	(5,355)	(4,142)	7	6,665	207	—	(2,618)
Net (loss) earnings from investments in joint ventures	—	—	(10,213)	—	—	1,175	(9,038)
Net earnings (loss)	$ 15,117	$ 11,125	$ 3,511	$ (14,218)	$ (359)	$ 1,175	$ 16,351

As at September 30, 2020 (unaudited, in thousands of dollars)	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
Assets							
Current assets	$ 48,943	$ 6,846	$ 20,593	$ 18,605	$ 4,751	$ —	$ 99,738
Property, plant, and equipment	466,578	111,242	277,492	7,549	15,343	—	878,204
Investments in joint ventures	—	—	4,900	—	—	143,935	148,835
Goodwill and intangible assets	7,910	—	719	—	—	—	8,629
Other assets	15,467	—	9	549	—	—	16,025
	$ 538,898	$ 118,088	$ 303,713	$ 26,703	$ 20,094	$ 143,935	$ 1,151,431
Liabilities							
Current liabilities	$ 32,913	$ 9,634	$ 10,291	$ 8,877	$ 137	$ —	$ 61,852
Current portion of long-term debt	—	—	—	265,473	—	—	265,473
Long-term liabilities	4,505	15,799	63	73,993	—	—	94,360
Long-term debt	—	—	—	83,837	—	—	83,837
	37,418	25,433	10,354	432,180	137	—	505,522
Shareholders' Equity	501,480	92,655	293,359	(405,477)	19,957	143,935	645,909
	$ 538,898	$ 118,088	$ 303,713	$ 26,703	$ 20,094	$ 143,935	$ 1,151,431

	Domestic Dry-Bulk	Product Tankers	Ocean Self-Unloaders	Corporate	Investment Properties	Global Short Sea Shipping	Total
For the three months ended September 30, 2019 (unaudited, in thousands of dollars)							
Revenue	$ 91,716	$ 36,169	$ 36,939	$ 719	$ 2,358	$ —	$ 167,901
Operating expenses	(59,728)	(24,950)	(23,051)	(251)	(1,609)	—	(109,589)
Selling, general and administrative	(2,751)	(958)	(418)	(3,364)	—	—	(7,491)
Depreciation and amortization	(6,398)	(3,584)	(8,346)	(240)	(659)	—	(19,227)
Operating earnings (loss)	22,839	6,677	5,124	(3,136)	90	—	31,594
Interest, net	—	—	—	(5,557)	—	—	(5,557)
Foreign currency loss	—	—	(2)	(370)	—	—	(372)
	22,839	6,677	5,122	(9,063)	90	—	25,665
Income tax (expense) recovery	(6,524)	(2,307)	2	1,097	(26)	—	(7,758)
Net earnings of joint ventures	—	—	111	—	—	3,031	3,142
Net earnings (loss)	$ 16,315	$ 4,370	$ 5,235	$ (7,966)	$ 64	$ 3,031	$ 21,049
For the nine months ended September 30, 2019 (unaudited, in thousands of dollars)							
Revenue	$ 196,543	$ 103,184	$ 89,508	$ 2,383	$ 7,305	$ —	$ 398,923
Operating expenses	(154,334)	(74,763)	(57,029)	(718)	(5,094)	—	(291,938)
Selling, general and administrative	(8,504)	(3,015)	(1,349)	(10,204)	—	—	(23,072)
Depreciation and amortization	(17,903)	(9,951)	(20,262)	(720)	(1,991)	—	(50,827)
Operating earnings (loss)	15,802	15,455	10,868	(9,259)	220	—	33,086
Interest, net	—	—	—	(13,382)	—	—	(13,382)
Foreign currency loss	—	—	(2)	(974)	—	—	(976)
	15,802	15,455	10,866	(23,615)	220	—	18,728
Income tax (expense) recovery	(4,434)	(4,094)	7	6,996	(3)	—	(1,528)
Net earnings from investments in joint ventures	—	—	248	—	—	2,914	3,162
Net earnings (loss)	$ 11,368	$ 11,361	$ 11,121	$ (16,619)	$ 217	$ 2,914	$ 20,362

		Domestic Dry-Bulk		Product Tankers		Ocean Self-Unloaders		Corporate		Investment Properties		Global Short Sea Shipping		Total
As at December 31, 2019 (unaudited, in thousands of dollars)														
Assets														
Current assets	$	58,989	$	4,916	$	23,965	$	25,046	$	1,513	$	—	$	114,429
Property, plant, and equipment		430,545		120,755		281,711		6,668		16,708		—		856,387
Investments in joint ventures		—		—		3,751		—		—		139,043		142,794
Goodwill and intangible assets		7,910		—		3,284		—		—		—		11,194
Other assets		6,815		—		9		15,749		—		—		22,573
	$	504,259	$	125,671	$	312,720	$	47,463	$	18,221	$	139,043	$	1,147,377
Liabilities														
Current liabilities	$	36,343	$	13,612	$	15,520	$	10,870	$	424	$	—	$	76,769
Current portion of long-term debt		—		—		—		80,076		—		—		80,076
Long-term liabilities		3,036		15,987		70		56,241		—		—		75,334
Long-term debt		—		—		—		254,777		—		—		254,777
		39,379		29,599		15,590		401,964		424		—		486,956
Shareholders' Equity		464,880		96,072		297,130		(354,501)		17,797		139,043		660,421
	$	504,259	$	125,671	$	312,720	$	47,463	$	18,221	$	139,043	$	1,147,377

24. SHARE-BASED COMPENSATION

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

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

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

	Options outstanding	
Exercise price per share (unaudited, amounts not stated in thousands)	Number of shares	Remaining contractual life (years)
$12.52	113,542	4.41
$12.60	130,000	3.42
$14.51	100,000	2.60

For the period ended September 30, 2020, the Company recognized compensation expense for stock option awards of $111 (December 31, 2019 - $41). For the period ended September 30, 2020, 113,542 (December 31, 2019 - 130,000) options were granted by the Company at a weighted average fair value of $1.08 per option (December 31, 2019 - $1.45).

2020

ALGOMA CENTRAL CORPORATION
63 Church Street, Suite 600, St. Catharines, Ontario L2R 3C4
(905) 687-7888
www.algonet.com