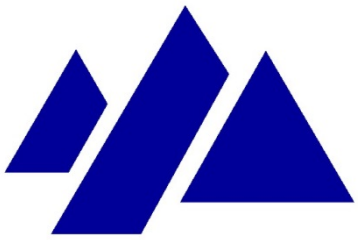

WESTSHORE TERMINALS INVESTMENT CORPORATION

ANNUAL REPORT

2014

Westshore Terminals Investment Corporation (the "Corporation") owns all of the limited partnership units of Westshore Terminals Limited Partnership, a partnership established under the laws of British Columbia ("Westshore"). It derives its cash inflows from its investment in Westshore by way of distributions on its limited partnership units. Westshore operates the coal storage and loading terminal at Roberts Bank, British Columbia (the "Terminal"), which is the largest coal loading facility on the west coast of the Americas. The principal office of the entities is located at 1800 - 1067 West Cordova Street, Vancouver, British Columbia, V6C 1C7.

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Financial Highlights

(In thousands of Canadian dollars except share amounts)		2014		2013
Tonnage (in thousands)		30,603		30,094
Coal loading revenue	$	303,819	$	286,703
Profit before taxes and insurance proceeds	$	162,296	$	147,587
Profit before taxes	$	176,577	$	179,912
Profit for the period	$	130,448	$	133,426
Profit for the period per share	$	1.76	$	1.80
Dividends declared	$	98,010	$	98,010
Dividends declared per share	$	1.32	$	1.32
Shares outstanding at December 31		74,250,016		74,250,016
Share Trading Statistics				
High	$	38.02	$	36.17
Low	$	28.68	$	25.69
Close	$	31.63	$	34.61
Annual Volume		26,314,000		27,855,000

Westshore Terminals Investment Corporation
Directors' Letter and Report to Shareholders

Dear Shareholders:

2014 represented a year of solid progress for Westshore, despite challenges in seaborne coal markets. Westshore achieved a record year of throughput volumes at 30.6 million tonnes compared to the 30.1 million tonnes in 2013, and record coal loading revenues in excess of $300 million. Q1 2014 saw a slower start to the year due to weather related events and Q4 experienced higher maintenance downtime than planned, much of it attributable to the age of the equipment, which resulted in lower throughput in the quarter than planned. The steel making and thermal coal markets continue to be oversupplied and our customers are experiencing downward pressure on pricing, but are performing well despite the challenges they face.

In January 2014, Westshore received its permits from Port Metro Vancouver to proceed with its $270 million capital upgrade project. This project involves the replacement of the three older stacker/reclaimers (all between 30-40 years old), replacement of a shiploader at Berth 1 (approximately 30 years old) and the replacement and consolidation of the current office and maintenance shop complex (approximately 40 years old), all of which is expected to be completed by early 2019. Once completed, it is anticipated that overall throughput capacity will increase by some 2-3 million tonnes.

Over the last two years Westshore has spent over $15 million on state of the art improvements for environmental projects to improve dust suppression efforts on site and a new water treatment plant, and additional environmental upgrade projects are ongoing during the 2015 – 2019 period totalling a further anticipated $19 million, all of which are part of Westshore's ongoing operational improvements.

Over the course of the year, Westshore renegotiated contracts with certain Canadian and US customers resulting in extensions of substantial tonnage to December 31, 2024 at fixed rates, and an agreement with a new Canadian steel-making coal customer, expected to come on line in 2018 when Westshore expects to have increased capacity resulting from the capital upgrade project described above.

During the year, Westshore and its insurers concluded a settlement of the Cape Apricot claim (a 2012 incident reported previously) resulting in total recovery of some $43.5 million from the Cape Apricot's insurers. Westshore's total recovery on this claim was $46.6 million, $14.3 million of which was recovered in 2014, and over $28 million of which will be used to help fund the capital upgrade project (the balance having been used for the costs to repair the damaged trestle).

For 2015, the average loading rate is expected to be slightly higher than in 2014 and total throughput is anticipated to be 31-32 million tonnes. Throughput capacity in 2015 will be somewhat impacted by some anticipated material maintenance to one of the dumpers and Berth 1.

We look forward to all the opportunities and challenges the coal markets are expected to bring.

For the Board of Directors,

(Signed) "*William W. Stinson*"

William W. Stinson
Chairman of the Board of Directors
Vancouver, B.C.
March 17, 2015

The following discussion and analysis should be read in conjunction with information contained in the Consolidated Financial Statements of Westshore Terminals Investment Corporation ("the Corporation") and the notes thereto for the year ended December 31, 2014. This discussion and analysis has been based upon the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion and analysis is the responsibility of management of the Corporation. Additional information and disclosure can be found on SEDAR at www.sedar.com. Unless otherwise indicated, the information presented in this Management's Discussion and Analysis ("MD&A") is stated as at March 17, 2015.

All amounts are presented in Canadian dollars unless otherwise noted.

Caution Concerning Forward-Looking Statements

This MD&A contains certain forward-looking statements, which reflect the current expectations of the Corporation and Westshore with respect to future events and performance. Forward-looking statements are based on information available at the time they are made, assumptions by management, and management's good faith belief with respect to future events. They speak only as of the date of this MD&A, and are subject to inherent risks and uncertainties, including those risk factors outlined in the annual information form of the Corporation filed on www.sedar.com, that could cause actual performance or results to differ materially from those reflected in the forward-looking statements, historical results or current expectations.

Forward-looking information included in this document includes statements with respect to future revenues, expected loading rates, strength of markets for metallurgical and thermal coal, expected throughput volumes, future throughput capacity, the effect of Canadian/U.S. dollar exchange rate, the future cost of post-retirement benefits, customer contract renegotiations, cost of and timing to complete capital projects and the anticipated level of dividends.

Forward-looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at which, such performance or results will be achieved. There is significant risk that estimates, predictions, forecasts, conclusions and projections will not prove to be accurate, that assumptions may not be correct and that actual results may differ materially from such estimates, predictions, forecasts, conclusions or projections. Readers of this MD&A should not place undue reliance on forward-looking statements as a number of risk factors could cause actual results, conditions, actions or events to differ materially from the targets, expectations, estimates or intentions expressed in the forward-looking statements. Specific risk factors include global demand and competition in the supply of seaborne coal, the ability of customers to maintain or increase sales or deliver coal to the Terminal, fluctuations in exchange rates, and the Corporation's ability to renegotiate key customer contracts on favourable terms or at all. See the risk factors outlined in the annual information form referred to above.

General

The Corporation was incorporated under the *British Columbia Business Corporations Act* on September 28, 2010 and is domiciled in Canada. The registered and head office of the Corporation is located at Suite 1800, 1067 West Cordova Street, Vancouver, British Columbia V6C 1C7. The Corporation owns all of the limited partnership units of Westshore Terminals Limited Partnership ("Westshore"), a limited partnership established under the laws of British Columbia.

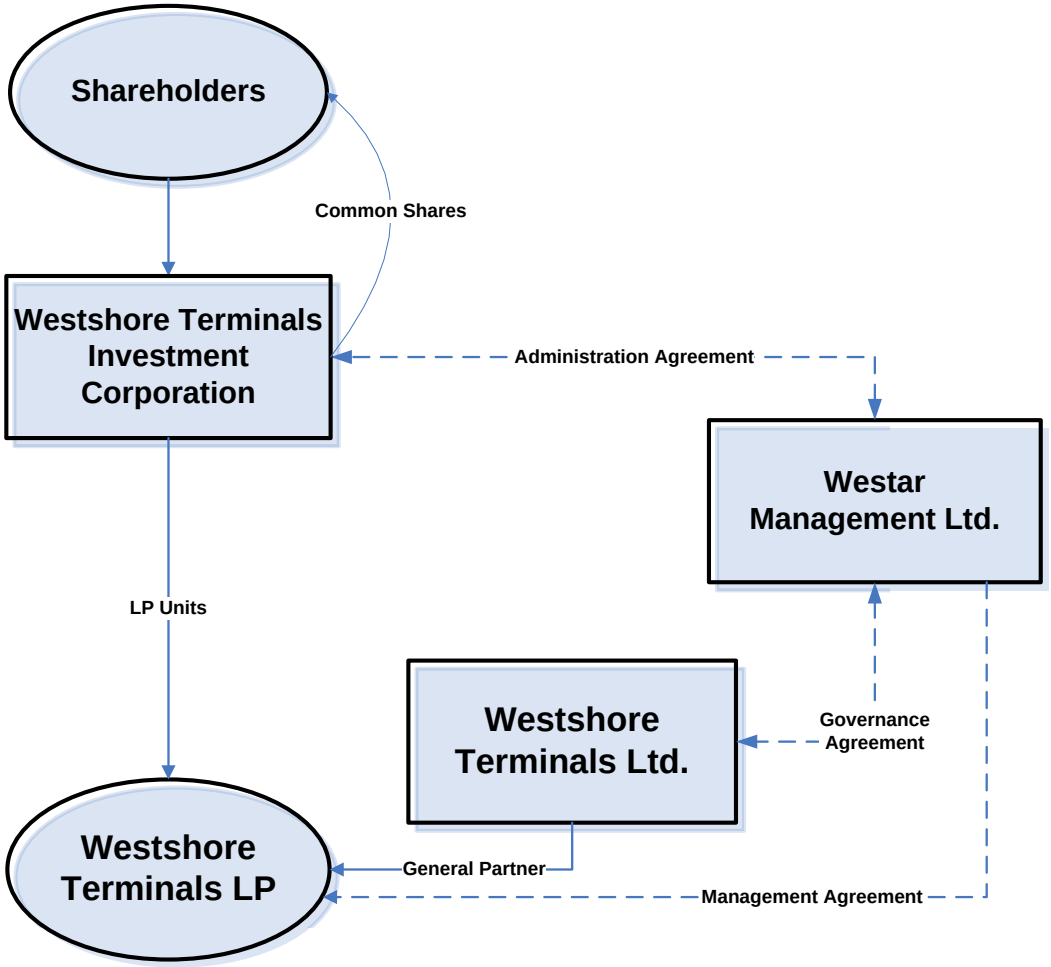
The Corporation derives its cash inflows from its investment in Westshore by way of distributions on Westshore's limited partnership units. Westshore operates a coal storage and loading terminal at Roberts Bank, British Columbia (the "Terminal"). Substantially all of Westshore's operating revenues are derived from rates charged for loading coal onto seagoing vessels.

Westshore's results are significantly affected by the volumes of coal shipped by different customers for sale in the export market, the rates per tonne charged by Westshore and Westshore's costs. Contracts, which run to 2021 or later, provide customer volume commitments at fixed rates for substantially all of the Terminal's estimated current capacity. Shipments under those contracts are expected to provide a stable base for revenues over the next several years, with the possibility of increased revenues from higher than committed shipments.

This MD&A has been prepared by the Corporation to accompany the financial results of the Corporation for the financial year ended December 31, 2014.

Structure

The following chart illustrates the Corporation's primary structural and contractual relationships. The Corporation holds all of the limited partnership units of Westshore. Westshore Terminals Ltd. (the "General Partner") is the general partner of Westshore. Westar Management Ltd. (the "Manager") provides management services to Westshore and administrative services to the Corporation, and appoints three of the seven directors of the General Partner. Details of these arrangements will be included in the Information Circular for the Corporation's 2015 Annual Meeting.



Selected Financial Information

The following financial data is derived from the Corporation's audited consolidated financial statements for the years ended December 31, 2014, 2013 and 2012, which were prepared in Canadian dollars using IFRS.

	2014	2013	2012
	$	$	$
Revenue	**312,075**	295,725	240,695
Profit before taxes and insurance proceeds	**162,296**	147,587	86,005
Profit before taxes	**176,577**	179,912	86,005
Profit for the period	**130,448**	133,426	64,657
Profit for the period per share[1]	**1.76**	1.80	0.87
Interest paid/accrued on Holdings Notes[2]	**-**	-	19,491
Interest paid/accrued per Note Receipt	**-**	-	0.263
Dividends declared	**98,010**	98,010	71,651
Dividends declared per share	**1.32**	1.32	0.96
Total assets	**663,832**	632,994	588,397
Total long term liabilities	**95,070**	77,415	89,780

(1) The number of Common Shares outstanding for all years was 74,250,016.

(2) Prior to July 1, 2012 the Corporation's subsidiary Westshore Terminals Holdings Ltd. had outstanding Notes (the "Holdings Notes") that were represented by Note Receipts that traded with the Corporation's common shares.

The following tables set out selected consolidated financial information for the Corporation on a quarterly basis for the last eight quarters.

(In thousands of Canadian dollars except per share amounts)	**Three Months Ended**			
	Dec 31, 2014	**Sep 30, 2014**	**Jun 30, 2014**	**Mar 31, 2014**
	$	**$**	**$**	**$**
Revenue	69,976	88,474	85,085	68,539
Profit before taxes and insurance proceeds	31,724	51,216	48,280	31,077
Profit before taxes	31,738	59,216	48,311	37,313
Profit for the period	23,298	43,787	35,761	27,601
Profit for the period per share	0.31	0.59	0.48	0.37
Dividends declared	24,503	24,503	24,503	24,503
Dividends declared per share	0.33	0.33	0.33	0.33

(In thousands of Canadian dollars except per share amounts)	Three Months Ended			
	Dec 31, 2013	**Sep 30, 2013**	**Jun 30, 2013**	**Mar 31, 2013**
	$	**$**	**$**	**$**
Revenue	78,135	81,347	78,805	57,438
Profit before taxes and insurance proceeds	36,253	39,778	47,924	23,633
Profit before taxes	42,253	39,778	54,249	43,633
Profit for the period	31,476	29,470	39,761	32,719
Profit for the period per share	0.42	0.40	0.54	0.44
Dividends declared	24,503	24,503	24,503	24,503
Dividends declared per share	0.33	0.33	0.33	0.33

Summary Description of Business

General

Westshore operates a coal storage and loading facility at Roberts Bank, British Columbia that is the largest coal loading facility on the west coast of the Americas. Westshore operates on a throughput basis and receives handling charges from its customers based on volumes of coal exported through the Terminal. Westshore does not take title to the coal it handles. Market conditions for coal affect the competitiveness of Westshore's customers and, together with changes in customers' mine output, affect the volume of coal handled by Westshore. Westshore handles coal from mines in British Columbia and Alberta, as well as from mines in the north-western United States. Coal shipped from the mines owned by Teck Coal Limited ("Teck"), which is Westshore's largest customer, accounted for 58% of Westshore's throughput by volume in 2014 (2013 –56%).

Coal is delivered to the Terminal in unit trains operated by the Canadian Pacific, CN and BNSF Railways and is then unloaded and either directly transferred onto a ship or stockpiled for future ship loading. Ultimately, the coal is loaded onto ships that are destined for approximately 20 countries world-wide, with the largest volumes being shipped to Asia.

Markets & Customers

Shipments of coal through the Terminal by destination for the past three years were as follows:

Shipments by Destination

(Expressed in thousands of metric tonnes)

	2014		2013		2012	
	Tonnes	%	Tonnes	%	Tonnes	%
Korea	9,841	32	11,906	40	9,185	35
Japan	6,974	23	6,291	21	5,256	20
China	5,219	17	6,497	22	4,894	19
South America	3,106	10	1,294	4	2,474	10
Europe	2,435	8	1,712	6	2,372	9
Taiwan	1,383	5	1,656	5	1,374	5
Other	1,645	5	738	2	539	2
Total	30,603	100	30,094	100	26,094	100

During 2014, 61% of Westshore's volume was steel-making coal (60% in 2013), 38% was thermal coal (39% in 2013) and 1% was petroleum coke (1% in 2013). 4.4 million of the 5.2 million tonnes of coal shipped to China was steel-making coal, and 800,000 tonnes was thermal coal, of which 200,000 tonnes was from a Canadian customer. Of the coal shipped by Westshore's U.S. customers, 8.9 million tonnes was shipped to Korea, Japan, and Chile with approximately 0.6 million tonnes shipped to China and no volumes shipped to India.

Westshore's customers compete with other suppliers of coal throughout the world. With respect to steel-making coal, Australian coal mines are our primary competitors. Over the last decade there have been significant variations in the supply-demand balance in seaborne steel-making coal, resulting in material variations in the prices obtained by Westshore's customers. Pricing of coal is crucial to the results of Westshore's customers who must obtain adequate prices to sustain their operations. Westshore has no direct exposure to rates that vary with coal prices. Further weakening in the market for seaborne thermal coal could materially affect the ability of Westshore's thermal coal customers to sustain sales at expected levels.

Customer Contracts

With its five mines in British Columbia and one in Alberta, Teck is Westshore's largest customer. It is the second largest supplier of seaborne steel making coal in the world. Westshore's current contract to handle coal from Teck's mines runs to March 31, 2021. Under this contract, Teck has committed to ship not less than 19 million tonnes per contract year, at fixed rates. Westshore expects that Teck will ship most of the remaining coal from its mines through Neptune Terminals, with some being shipped through Ridley Terminals in Prince Rupert.

Westshore's contract with Grande Cache Coal Corporation ("Grande Cache") for handling coal produced from its operations in Alberta was amended in 2014 and now provides, from January 1, 2015 through December 31, 2021, the requirement to ship one million tonnes per year at fixed rates. In 2014, Westshore loaded 1.4 million tonnes for Grande Cache compared to 1.7 million tonnes in 2013.

Westshore's contracts with its U.S. thermal coal producers were renegotiated in 2014 and now run through 2024 for annual minimum tonnages at fixed rates. In one case the renegotiation was in conjunction with the termination of the contract of another customer. The US producers accounted for approximately 31% of Westshore's throughput in 2014.

Westshore has entered into a letter of intent with Riversdale Resources Limited, a Canadian company with a planned steel-making coal mine to be developed in Blairmore, Alberta, under the terms of which Riversdale will pay Westshore an annual reservation fee to hold up to 2 million tonnes of capacity at Westshore. Production is slated to start in late 2018 and ramp up in 2019. The agreement with Riversdale will then provide for a 10 year throughput commitment at fixed rates.

Labour

Labour agreements with all three locals of the International Longshore and Warehouse Union (the longshoremen, foreman and the clerical workers) are in place and expire on January 31, 2016.

Facilities

Commencing in 2007, Westshore undertook two significant equipment upgrades at an aggregate cost of approximately $110 million. Prior to those improvements the Terminal's functional throughput capacity was assessed at somewhat less than 24 million tonnes per annum.

The first program, completed in 2010 at a cost of $51 million, involved the addition of a fourth stacker/reclaimer and associated conveyor system, and conversion of the second barrel of the tandem rotary dumper to accommodate shorter aluminum rail cars, the use of which has become the industry norm. All four stacker/reclaimers were automated and other systems were updated. This program increased the Terminal's capacity, allowing it to handle a then record 27.3 million tonnes in 2011.

Despite this program, Westshore was unable to make commitments to its existing customers for all the levels of service they were requesting. Accordingly, Westshore undertook a further capital upgrade consisting of replacing the existing single dumper with a double dumper and addition of related equipment, at a cost of $45 million. This project was completed late in 2012 and initially was partly financed with bank debt. In addition, a significant maintenance program was completed in 2012 to replace chutes in four transfer towers at a cost of $14 million to improve the flow of product. It is now estimated that the terminal throughput capacity is approximately 33 million tonnes, under current and foreseeable operating conditions.

In early 2013, Westshore approved a further capital expenditure program to replace the three oldest stacker/reclaimers and a shiploader at Berth 1 with new equipment. By acquiring this new equipment, Westshore will be able to significantly enhance its operational efficiencies in several respects, including standardizing spare parts, and reducing overall maintenance downtime and the costs involved in maintaining older equipment. The new stacker/reclaimers will have an anticipated useful life of 30-40 years. The project (the "Capital Project") involves combining the various structures on the site including the 42 year old outdated and inefficient administration, operations and maintenance buildings into one consolidated complex. It will also result in coal storage optimization. The Capital Project is planned to be completed in stages, ending in early 2019.

The new equipment is expected to be delivered and installed in a phased sequence so as to minimize disruption to the operations. No additional equipment is being added to the site, nor is the site footprint being increased. Additional throughput capacity is expected to result only from the improved productivity of the new equipment, operating efficiencies, and reduced maintenance downtime. Currently, it is estimated that an additional 2-3 million tonnes per year might be achievable, but in any event not before 2018.

Upon completion, the Capital Project will conclude a ten-plus year, $380 million capital upgrade of the Terminal resulting in a total increase in rated throughput capacity from 23 million tonnes to 35-36 million tonnes (representing a capital cost per tonne of expansion of roughly $30-31/tonne, a very competitive cost for capacity upgrades by international industry standards). The result is expected to be a more modern and better-equipped terminal, capable of maintaining higher throughput levels on a sustainable basis.

The $380 million does not include an additional $43 million in improved and updated environmental systems over the same period, of which over $15 million was spent in the last two years on state of the art improvements for environmental projects to improve dust suppression on site and a new water treatment plant. Additional environmental upgrade projects are ongoing during the 2015 -2019 period at a cost of an additional anticipated $19 million, which are all part of Westshore's ongoing operational continuous improvements.

Results of Operations

Westshore loaded 30.6 million tonnes during 2014 compared to 30.1 million tonnes during 2013. Coal loading revenue increased by 6.0% to $303.8 million in 2014 compared with $286.7 million in 2013. The increase was due to both higher tonnage and a higher average rate. In the fourth quarter of 2014, Westshore shipped 6.7 million tonnes, compared with 7.5 million tonnes shipped during the same period in 2013, due primarily to unanticipated downtime for maintenance work on two of the stacker reclaimers and to replace a torn conveyer belt at Berth 1. The average loading rate in 2014 was $9.93 per tonne compared to $9.53 per tonne for 2013.

Other income, which includes wharfage and payments from a former customer, decreased from $9.0 million in 2013 to $8.3 million in 2014.

Operating expenses increased by 1.0% from $132.2 million in 2013 to $133.5 million in 2014. The increase was primarily due to additional maintenance expenses offset by pension (primarily past service) expenses decreasing by $6.9 million from 2013. Administration expenses increased by 10% from $13.2 million in 2013 to $14.6 million in 2014 primarily due to an increase in the incentive fee to Westar Management Ltd. (the "Manager") and management personnel costs.

In 2013 and Q1 2014, Westshore recovered an aggregate of $38.6 million from its insurers arising from the Cape Apricot incident (which occurred in December 2012). In mid-September 2014, Westshore and its insurers reached a collective settlement of their claims with the ship's owners and insurers. Westshore's share of the settlement amount was $8.0 million (over and above the $38.6 million previously recovered), and was received in Q4 2014. Insurance proceeds recovered over and above the $18 million repair costs to the terminal are being applied towards funding the Capital Project.

Net finance costs decreased by 17% from $3.6 million in 2013 to $3.0 million in 2014 due to the repayment of debt in mid-2013. The net interest cost components of the employee benefit plan expense are recorded in net finance

costs. Net employee benefit interest of $2.9 million was recorded in 2014, consistent with $2.9 million net employee benefit interest in 2013.

Income tax expense decreased from $46.5 million in 2013 to $46.1 million in 2014.

Profit decreased from $133.4 million in 2013 to $130.4 million in 2014. 2013 had higher insurance proceeds which more than offset the lower profit from coal loading operations.

Other comprehensive income (loss) decreased from a $5.8 million gain after tax in 2013 to a $10.0 million loss after tax in 2014. Other comprehensive income (loss) includes actuarial gains and losses on the defined benefit post-retirement obligations which are primarily impacted by the discount rate used, membership assumptions and the plan asset value performance (relative to actuarial expectations). The discount rate used to calculate post-retirement liabilities decreased in 2014 resulting in an increased obligation liability. Updated membership data obtained from the latest valuation, and the adoption of the latest mortality tables issued by the Canadian Institute of Actuaries also resulted in a larger obligation. This was offset by better plan asset value performance relative to actuarial expectations. In 2013, an increased discount rate and better plan asset value had performance resulted in a reduced obligation liability.

Cash Flows

(In thousands of Canadian dollars)	December 31, 2014	December 31, 2013
	$	$
Operating cash flows before working capital changes and income tax	191,128	202,356
Working capital changes	6,731	(11,939)
Income tax paid	(56,250)	(14,365)
Cash flow from operations	141,609	176,052
Cash flows used in financing activities	(98,001)	(124,582)
Cash flows used in investing activities	(19,377)	(33,935)

Cash flows from operations are available to the Corporation to fund capital and other expenditures and pay dividends to shareholders. Operating cash flows before changes in working capital and income tax payments decreased from $202.4 million in 2013 to $191.1 million in 2014. While cash flows from coal loading operations were higher in 2014, insurance recoveries were $18.0 million lower than in 2013. Timing of working capital changes and income tax payments resulted in cash flow from operations decreasing from a $176.1 million net inflow in 2013 to an inflow of $141.6 million in 2014.

Working capital changes in 2014 were higher by $18.7 million over 2013, primarily due to the timing of collection of accounts receivable and payment of accounts payable.

Cash used in financing activities decreased from $124.6 million in 2013 to $98.0 million in 2014. In 2013, a net $30 million was applied to debt repayment. 2013 dividend payments of $93.9 million were lower than the 2014 dividend payments of $98.0 million as the December 2012 dividend that was paid in January 2013 was lower due to the Berth 1 incident.

Cash used in investing activities decreased from $33.9 million in 2013 to $19.4 million in 2014. The capital expenditures in the prior year consisted of the replacement of the Berth 1 trestle and the new dust suppression

system, whereas capital expenditures in the current year primarily consisted of costs capitalized for the Capital Project. Westshore expects that capital expenditures will be higher in the coming years as the Capital Project proceeds.

Liquidity and Capital Resources

Capital expenditures required to maintain the Terminal's existing throughput capacity and refurbish equipment in the ordinary course of business have increased over the past several years. Rather than continuing to incur increasing costs of this nature on an ongoing basis, the Corporation determined to undertake replacement of the three older stacker-reclaimers, a shiploader and related equipment. Together with the construction of new premises, these expenditures are expected to total approximately $270 million (all of which comprise the Capital Project) are planned in phases ending in early 2019. The Capital Project will be financed through a combination of retention of cash flow and borrowings. The Corporation expects that borrowings will not exceed $50 million. Once the Capital Project is complete, it is anticipated that the rated capacity of the terminal will increase by 2-3 million tonnes.

Meeting annual capital requirements, along with managing variations in working capital, are well within Westshore's financial capacity based solely on revenues less expenses, without any need for financing except for material capital improvements. As a result, the Corporation does not anticipate any liquidity concerns with the ongoing operations of Westshore.

Westshore has a $15 million operating facility with a Canadian chartered bank which, if required, can be utilized to fund working capital requirements and for a letter of credit related to pension funding. During 2014, Westshore increased its outstanding letter of credit related to pension funding from $11.8 million to $13.4 million. The term of the operating facility was extended and now expires on August 28, 2015.

Westshore has a $50 million revolving credit facility to be utilized for capital expenditures and investments, which was not drawn at December 31, 2014. The credit facility has a term ending August 31, 2016, and is secured by a pledge of all of the assets of the Corporation. The revolving credit facility bears interest at the 1 month BA rate plus a margin and no repayments are required until maturity.

Westshore has post-retirement benefit obligations under its pension plans and other post-retirement benefit plans which it is required to fund each year. Westshore's cash funding requirements were $4.7 million in 2014 (2013 – $5.3 million), which is comprised of $3.3 million (2013 – $4.0 million) for contributions to the pension plans and $1.4 million (2013 - $1.3 million) for payments for other post-retirement benefits. In the current year, Westshore increased its letter of credit by $1.7 million to $13.4 million to satisfy some of the funding requirement of the pension plan. With the recent drop in interest rates, pension funding is expected to increase for 2015 but this has not been quantified yet. The statement of financial position reflects a $79.7 million net obligation for post-retirement pension benefits and other post-retirement benefit plans compared to $62.2 million for the prior year. This balance would decline in the future if interest rates increase, and increase if interest rates were to fall.

Future minimum operating lease payments for the years ending December 31 (assuming minimum annual tonnes) are as follows:

	Terminal Lease	Other	Total
2015	$ 11,701	$ 290	$ 11,991
2016	11,701	-	11,701
2017	11,701	-	11,701
2018	11,701	-	11,701
2019	11,701	-	11,701
Thereafter	81,906	-	81,906

In addition to the above minimum operating lease payments, the Corporation also pays an annual participation rental fee based on the volume of coal shipped in excess of 17.6 million tonnes. In 2014, Westshore paid $10.0 million (2013 – $9.9 million) in relation to the higher participation rental fee.

As at December 31, 2014, Westshore has a commitment of $166.1 million with respect to equipment purchases that are to be delivered and paid for as part of the Capital Project.

The Corporation does not have any material capital lease obligations, or other long-term obligations.

Distributions

Distributions by the Corporation over the last two years were as follows:

(In thousands of Canadian dollars except per share amounts)	2014 $	2013 $
Total Dividends declared on Common Shares	98,010	98,010
Total Dividends declared per Common Share	1.32	1.32

In view of the decision to reinvest approximately $270 million over the next four years for the Capital Project, the directors determined to initiate a capital projects fund to enable the Corporation to lessen the amount of additional bank debt financing that would otherwise be required to pay for the project. The Corporation has been holding back some funds, which commenced with the Q2 2013 dividend, by setting a dividend rate of $0.33 per share per quarter. This was the level of distribution declared during all of 2013 and 2014. Such dividend level is subject to change based on other opportunities that may come before Westshore and based on the Terminal handling 30 million tonnes or more (under its existing customer contracts) for the next several years. As part of this fund, the Corporation will also use insurance recoveries received in respect of lost income from the Berth 1 trestle incident. This dividend policy will be subject to regular review, and actual operating performance at the Terminal and the ultimate costs for these projects may impact future dividends positively or negatively.

Outlook

The cash inflows of the Corporation are entirely dependent on Westshore's operating results. They are affected by the volume and mix of coal shipped through the Terminal, the rates charged to customers for that coal, and Westshore's operating and administrative costs. Contracts entered into and revised since 2011 provide significant customer volume commitments through to 2021 or later at fixed rates. Shipments under those contracts are expected to provide a stable base for revenues over the next several years.

The variance in revenues from 2014 will ultimately be impacted by numerous factors, including total volumes shipped through the Terminal, the distribution of throughput by customer, and foreign exchange rates. Based on the information currently available to it, Westshore is anticipating volume levels in 2015 to be higher than in 2014 and at slightly higher rates than in 2014. If Westshore's profit for 2015 exceeds $42 million, incentive fees will be payable by Westshore to the Manager under the Management Agreement, to a maximum of $5.5 million.

Related Party Transactions

The Manager provides management services to Westshore pursuant to a management agreement (the "Management Agreement"). Westshore pays an annual management fee to the Manager and an incentive fee based on a percentage of profit above $42 million. The annual base management fee is paid in monthly installments, and $1,008,000 was paid in this regard by Westshore for the year ended December 31, 2014. The incentive fee for the year ended December, 31, 2014 was $4,989,000 and was paid subsequent to December 31, 2014 (2013 - $4,161,000 paid in 2014).

The Management Agreement provides for rolling five-year renewals. In anticipation of the next renewal, Westshore and the Manager agreed in 2014 to extend the term of the Management Agreement to 2024 (subject to further renewals) and amended the Agreement in certain respects, in view of the significant growth in Westshore's business in recent years, and the Manager's contribution and role in ongoing additional initiatives. Under the revised Management Agreement, Westshore will pay the Manager a base fee of $1,250,000 for 2015, $1,500,000 for 2016 and for each year thereafter the previous year's fee escalated at 3% annually. The calculation of the incentive fee will include an additional level at 7.5% of net income in excess of $66 million. The incentive fee remains subject to an annual cap (previously $5 million annually) which will rise by increments to $7.5 million in 2017 and remain constant for the balance of the term of the Management Agreement.

The Governance Agreement between the Corporation and the Manager governs the composition of the board of directors of the General Partner. Since January 1, 2011, the board of directors of the General Partner consists of seven directors, three of whom are nominated by the Manager. The seven current directors are the same people as the directors of the Corporation.

The Manager also provides administration services to the Corporation pursuant to an administration agreement. The Corporation pays an annual administration fee in monthly installments. The Corporation paid $345,000 to the Manager for the year ended December 31, 2014 (2013 - $335,000). The administration agreement was amended in December 2014. The fees payable to the Manager will be $400,000 for 2015 and $500,000 for 2016, and will increase annually thereafter by 3% per annum.

Changes in Accounting Policies

The Corporation's accounting policies are found in note 3 of the Corporation's financial statements beginning on page 25.

Critical Accounting Estimates

The preparation of financial statements and related disclosures in accordance with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and contingencies. These estimates are based on historical experience and on assumptions that are considered at the time to be reasonable under the circumstances. Under different assumptions or conditions, the actual results may differ, potentially materially, from those previously estimated.

The following is a discussion of the accounting estimates that are significant in determining the Corporation's financial results.

Plant and equipment: Depreciation

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method over the estimated useful production life of the assets. The estimated useful lives of plant and equipment range from 3 to 35 years and are reviewed annually. A change in the estimated useful lives of plant and equipment could result in either a higher or lower depreciation charge to profit for the period.

Asset Retirement Obligations

Westshore is required to recognize the fair value of an estimated asset retirement obligation when a legal or constructive obligation is present, a reliable estimate of the obligation can be made and it is probable that the Corporation will be required to settle the obligation. At the expiry of the Terminal's lease, the Vancouver Fraser Port Authority ("VFPA") has the option to acquire the assets of the Terminal at fair value or require Westshore to return the site to its original condition. Westshore believes that the probability that the VFPA will elect to enforce site restoration is negligible. Any change in the estimate of the probability of incurring such costs could have a material impact on the asset retirement obligation.

Goodwill

Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired, by comparing the fair value of Westshore to its carrying value, including goodwill. If the fair value of Westshore is less than its carrying value, a goodwill impairment loss is recognized as the excess of the carrying value of the goodwill over the fair value of the goodwill. The determination of fair value requires management to make assumptions and estimates about future coal loading rates, customer shipments, operating costs, foreign exchange rates and discount rates. Changes in any of these assumptions, such as lower coal loading rates, a decline in customer shipments, an increase in operating costs or an increase in discount rates could result in an impairment of all or a portion of the goodwill carrying value in future periods.

Employee Future Benefits

Westshore has post-retirement benefit obligations under its pension plans and other post-retirement benefit plans, the costs of which are based on estimates. Actuarial calculations of benefit costs and obligations depend on Westshore's assumptions about future events. Major estimates and assumptions relate to expected plan investment performance, salary escalation, retirement ages of employees and expected health care costs, as well as discount rates, withdrawal rates and mortality rates.

Deferred Income Taxes

Deferred income tax assets and liabilities have been recognized for temporary differences between the tax basis of an asset or liability and its carrying amount on the statement of financial position. The deferred income tax balances can be affected by a change in the estimate of when temporary differences reverse, the likelihood of realization of deferred tax assets, and the classification of assets for tax purposes.

Future Accounting Standards:

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which will supercede IAS 18 – *Revenue* and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017.

IFRS 9 – Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018.

The extent of the impact of adoption of these standards has not yet been determined.

Internal Controls Over Financial Reporting

The Corporation maintains a system of internal controls over financial reporting, as defined by National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings* ("National Instrument 52-109"), in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial information for external purposes in accordance with IFRS.

The Chief Executive Officer and Chief Financial Officer of the Corporation have caused to be evaluated under their supervision, the effectiveness of the Corporation's internal controls over financial reporting as of December 31, 2014. Based on that assessment, it was determined that the internal controls over financial reporting were appropriately designed and were operating effectively. No material changes were identified in the Corporation's internal controls over financial reporting during the year ended December 31, 2014 that have materially affected the Corporation's internal controls over financial reporting, or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

It should be noted that a control system, including the Corporation's internal controls and procedures, no matter how well conceived, can provide only reasonable, but not absolute, assurance that the objectives of the control system will be met and it should not be expected that the disclosure and internal controls and procedures will prevent all errors or fraud.

The design of any system of controls is also based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions.

Disclosure Controls And Procedures

"Disclosure controls and procedures" are defined as follows in National Instrument 52-109:

"Disclosure controls and procedures" means controls and other procedures of an issuer that are designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted by it under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in the provincial and territorial securities legislation and include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in its annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is accumulated and communicated to the issuer's management, including its chief executive officer and chief financial officer (or persons who perform similar functions to a chief executive officer or a chief financial officer), as appropriate to allow timely decisions regarding required disclosure."

As required by National Instrument 52-109, the Chief Executive Officer and the Chief Financial Officer of the Corporation, in conjunction with management of the General Partner, have evaluated the effectiveness of the design and tested the operation of the disclosure controls and procedures of Westshore, the General Partner and the Corporation as of December 31, 2014 and have concluded that such disclosure controls and procedures provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in such legislation.

Additional information relating to the Corporation and Westshore, including the Corporation's annual information form, is available at www.sedar.com.

Management's Report

The consolidated financial statements and other information in this annual report have been prepared by and are the responsibility of the management of the Corporation. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and reflect where necessary management's best estimates and judgments.

Management is also responsible for maintaining systems of internal and administrative controls to provide reasonable assurance that the Corporation's assets are safeguarded, that transactions are properly executed in accordance with appropriate authorization and that the accounting systems provide timely, accurate and reliable financial information.

The Directors are responsible for assuring that management fulfills its responsibility for financial reporting and internal control. The Directors perform this responsibility at meetings where significant accounting, reporting and internal control matters are discussed and the consolidated financial statements and annual report are reviewed and approved.

The consolidated financial statements have been audited on behalf of the shareholders by KPMG LLP, Chartered Accountants, in accordance with International Financial Reporting Standards. The Auditors' Report outlines the scope of their examination and their independent professional opinion on the fairness of these financial statements.

(Signed) "*William W. Stinson*"
William W. Stinson
Director

(Signed) "*M. Dallas H. Ross*"
M. Dallas H. Ross
Director

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Westshore Terminals Investment Corporation

We have audited the accompanying consolidated financial statements of Westshore Terminals Investment Corporation, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Westshore Terminals Investment Corporation as at December 31, 2014 and 2013, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards**.**

KPMG LLP (signed)

Chartered Accountants

March 17, 2015
Vancouver, Canada

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KPMG Canada provides services to KPMG LLP.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Consolidated Statements of Financial Position
(Expressed in thousands of Canadian dollars)

	Note	December 31, 2014	December 31, 2013
Assets			
Current assets:			
Cash and cash equivalents		$ 85,639	$ 61,408
Accounts receivable		8,863	18,218
Inventories		12,041	10,439
Prepaid expenses		1,089	1,028
		107,632	91,093
Property, plant, and equipment:			
At cost	5	653,021	629,499
Accumulated depreciation		(462,362)	(453,161)
		190,659	176,338
Goodwill		365,541	365,541
Other assets	13	-	22
		$ 663,832	$ 632,994
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 42,389	$ 37,922
Income tax payable		4,084	17,887
Other liabilities	13	48	-
Dividends payable to shareholders	9	24,503	24,503
		71,024	80,312
Deferred income taxes	8	15,392	15,210
Employee future benefits	11	79,678	62,205
		166,094	157,727
Shareholders' equity (deficit):			
Share capital	9	1,706,265	1,706,265
Deficit		(1,208,527)	(1,230,998)
		497,738	475,267
		$ 663,832	$ 632,994

Commitments (note 15)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

(Signed) "*William W. Stinson*"
William W. Stinson
Director

(Signed) "*M. Dallas H. Ross*"
M. Dallas H. Ross
Director

WESTSHORE TERMINALS INVESTMENT CORPORATION

Consolidated Statements of Comprehensive Income
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2014 and 2013

	Note	2014	2013
Revenue:			
Coal loading		$ 303,819	$ 286,703
Other		8,256	9,022
		312,075	295,725
Expenses:			
Operating		133,497	132,159
Administrative		14,591	13,229
		148,088	145,388
Other:			
Foreign exchange gain		1,218	807
Insurance proceeds	4	14,281	32,325
Gain on disposal (loss on write-down) of plant and equipment		63	12
Profit from operating activities		179,549	183,481
Net finance costs	6	2,972	3,569
Profit before income tax		176,577	179,912
Income tax expense	7	46,129	46,486
Profit for the year		130,448	133,426
Other comprehensive income (loss):			
Defined benefit plan actuarial gains (losses)	11	(13,469)	7,869
Income tax recovery (expense) on other comprehensive loss		3,502	(2,046)
Other comprehensive income (loss) for the year, net of income tax		(9,967)	5,823
Total comprehensive income for the year		$ 120,481	$ 139,249
Profit per share:			
Basic and diluted earnings per share	10	$ 1.76	$ 1.80
Weighted average number of shares outstanding		74,250,016	74,250,016

See accompanying notes to consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Consolidated Statements of Changes in Equity
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2014 and 2013

	Share capital	Deficit	Total
Balance at January 1, 2013	$ 1,706,265	$ (1,272,237)	$ 434,028
Profit for the year	-	133,426	133,426
Other comprehensive income (loss):			
Defined benefit plan actuarial losses, net of tax	-	5,823	5,823
Total comprehensive income for the year	-	139,249	139,249
Distributions to shareholders of the Corporation:			
Dividends declared to shareholders	-	(98,010)	(98,010)
Balance at December 31, 2013	$ 1,706,265	$ (1,230,998)	$ 475,267

	Share capital	Deficit	Total
Balance as at January 1, 2014	$ 1,706,265	$ (1,230,998)	$ 475,267
Profit for the year	-	130,448	130,448
Other comprehensive income (loss):			
Defined benefit plan actuarial losses, net of tax	-	(9,967)	(9,967)
Total comprehensive income for the year	-	120,481	120,481
Distributions to shareholders of the Corporation:			
Dividends declared to shareholders	-	(98,010)	(98,010)
Balance at December 31, 2014	$ 1,706,265	$ (1,208,527)	$ 497,738

See accompanying notes to consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Consolidated Statements of Cash Flows
(Expressed in thousands of Canadian dollars)

Years ended December 31, 2014 and 2013

		2014		2013
Cash provided by (used in):				
Operations:				
Profit for the year	$	130,448	$	133,426
Adjustments for:				
Depreciation		10,549		11,528
Employee future benefits liability		1,093		7,359
Net finance costs		2,972		3,569
Income tax expense		46,129		46,486
Gain on disposal of property, plant and equipment		(63)		(12)
		191,128		202,356
Changes in non-cash operating working capital and other:				
Accounts receivable		9,355		(6,971)
Inventories		(1,602)		(1,406)
Prepaid expenses		(61)		(156)
Accounts payable and accrued liabilities		(961)		(3,406)
		6,731		(11,939)
Income taxes paid		(56,250)		(14,365)
		141,609		176,052
Financing:				
Interest received (paid)		9		(656)
Dividends paid to shareholders		(98,010)		(93,926)
Drawings on revolving credit facility		-		40,000
Repayments on revolving credit facility		-		(70,000)
		(98,001)		(124,582)
Investments:				
Property, plant and equipment, net		(19,377)		(33,935)
		(19,377)		(33,935)
Increase in cash and cash equivalents		24,231		17,535
Cash and cash equivalents, beginning of the year		61,408		43,873
Cash and cash equivalents, end of the year	$	85,639	$	61,408

See accompanying notes to consolidated financial statements.

1. Reporting entity:

The Corporation was incorporated under the *British Columbia Business Corporation Act* on September 28, 2010 and is domiciled in Canada. The registered and head office of the Corporation is located at Suite 1800, 1067 West Cordova Street, Vancouver, British Columbia, V6C 1C7. The Corporation owns all of the limited partnership units of Westshore Terminals Limited Partnership ("Westshore"), a partnership established under the laws of British Columbia. Prior to 2011 these units were owned by Westshore Terminals Income Fund.

The Corporation derives its cash inflows from its investment in Westshore by way of distributions on Westshore's limited partnership units. Westshore operates a coal storage and loading terminal at Roberts Bank, British Columbia (the "Terminal"). Substantially all of Westshore's operating revenues are derived from rates charged for loading coal onto seagoing vessels.

The consolidated financial statements of the Corporation as at and for the year ended December 31, 2014 comprise the Corporation and its subsidiaries (together referred to as the "Corporation").

2. Basis of preparation:

(a) Statement of compliance:

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

The consolidated financial statements were authorized for issue by the Board of Directors on March 17, 2015.

(b) Basis of measurement:

These consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Non derivative financial instruments classified as fair value through profit or loss are measured at fair value;
- derivative financial instruments are measured at fair value; and
- the defined benefit obligation is recognized as the present value of the defined benefit obligation, measured at fair value, less plan assets at fair value.

(c) Functional and presentation currency:

These consolidated financial statements are presented in Canadian dollars, which is the Corporation and its subsidiaries' functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment relate to the determination of net recoverable value of assets, useful lives of plant and equipment, asset retirement obligations, measurement of defined benefit obligations, derivative instruments and deferred income tax amounts.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise indicated.

(a) Basis of consolidation:

(*i*) Subsidiaries:

Subsidiaries are entities controlled by the Corporation. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date the control ceases.

(*ii*) Transactions eliminated on consolidation:

Intra-corporation balances and transactions, and any unrealized income and expenses arising from intra-corporation transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currency:

The functional and reporting currency of the Corporation and its subsidiaries is the Canadian dollar. Transactions which are denominated in other currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction date. The carrying values of monetary assets and liabilities denominated in foreign currencies are adjusted at each reporting date to reflect exchange rates prevailing at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in the foreign currency translated at the exchange rate at the end of the period. Foreign exchange gains and losses are recognized under 'Foreign exchange gain (loss)' in profit or loss.

(c) Financial instruments:

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets and financial liabilities are measured initially at fair value plus transactions cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Cash and cash equivalents

The Corporation considers deposits in banks, certificates of deposit and short-term investments with original maturities of three months or less when acquired as cash and cash equivalents. Cash and cash equivalents are classified as loans and receivables.

Receivables

Receivables are classified as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individual receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

Financial liabilities

Financial liabilities of the Corporation are classified as other financial liabilities. Other financial liabilities are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition these liabilities are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. Other financial liabilities comprise accounts payable and accrued liabilities, dividends payable and the revolving credit facility.

Derivative financial instruments

Changes in fair value of derivative financial instruments not designated in a hedge relationship are recognized immediately in profit or loss.

(d) Property, plant and equipment:

(*i*) Recognition and measurement:

Items of property, plant, and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and borrowing costs on qualifying assets for which the commencement date for capitalization is on or after January 1, 2010.

Borrowing costs attributable to the construction of a qualifying asset are included in the cost of the asset. Other borrowing costs are recognized as an expense.

When parts of an item of property, plant, and equipment have different useful lives, they are accounted for as separate items of property, plant, and equipment.

The gain or loss on disposal of an item of property, plant, and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant, and equipment, and is recognized net within other income/expenses in profit or loss.

(*ii*) Depreciation:

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of the asset, then that component is depreciated separately.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment. The estimated useful live for the current and comparative periods are as follows:

Asset	Term
Automobiles	3 years
Conveyor belts	5 years
Computer software	3 years to 5 years
Mobile equipment	5 years to 25 years
Land improvements	15 years to 30 years
Buildings	8 years to 35 years
Fixed machinery	8 years to 35 years

Depreciation methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

(e) Impairment:

Non-Financial assets

The carrying values of the Corporation's non-financial assets are reviewed at each reporting date to assess whether there is any indication of impairment. If any such indication is present, then the recoverable amount of the assets is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of impairment testing, assets are grouped at the lowest levels that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit and loss. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment charge is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, or indications that a debtor or issuer will enter bankruptcy.

The Corporation considers evidence of impairment for financial assets, and in particular receivables, at both a specific asset and collective level.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the effective interest rate.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss is recognized. For financial assets measured at amortized cost, this reversal is recognized in profit or loss.

(f) Goodwill:

Goodwill is recognized on a business combination at the acquisition date and is initially measured at the fair value of the consideration transferred less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is tested for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. Any excess of the carrying value over fair value is charged to profit or loss in the period in which the impairment is determined.

(g) Inventories:

Inventories of spare parts and supplies are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method and includes the invoiced cost and other directly attributable costs of acquiring the inventory.

(h) Employee benefits:

Defined benefit plans

A defined benefit plan is a post-retirement benefit plan other than a defined contribution plan. The Corporation's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of plan assets is deducted. The discount rate used to determine the present value of the obligation is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the term of the Corporation's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Corporation, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements that apply to any plan in the Corporation. An economic benefit is available to the Corporation if it is realizable during the life of the plan, or on settlement of the plan liabilities. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized in profit or loss on the date of improvement.

The Corporation recognizes all actuarial gains and losses arising from defined benefit plans immediately in other comprehensive income and expenses related to defined benefit plans in profit or loss.

Other long-term employee benefits

The Corporation's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Corporation's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains and losses are recognized immediately in other comprehensive income in the period in which they arise.

(i) Revenue:

Coal loading revenue is recognized when a customer's coal is completely loaded onto a ship and ready for export from the terminal site. Coal loading revenue is recorded based on contract specific loading rates. Other revenue includes wharfage fees which are recorded based upon the period of time a ship is at the terminal.

(j) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Decommissioning liabilities

The Corporation's terminal site is leased from the Vancouver Fraser Port Authority (the "VFPA"). A new lease agreement became effective as of January 1, 2012. The current lease runs until December 31, 2026, and may be extended at the Partnership's option for further periods up to 40 years. At the expiry of the lease term, assuming the Corporation has not been successful in further extending the lease, the VFPA has the option to acquire the assets of the terminal at fair value or require the Corporation to return the site to its original condition. The Corporation believes that the probability that the VFPA will elect to enforce site restoration is remote.

(k) Income tax:

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent they relate to items recognized directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary difference, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(l) New standards and interpretations not yet adopted:

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2014, and have not been applied in preparing these consolidated financial statements.

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which will supercede IAS 18 – *Revenue* and related interpretations. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Corporation intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017.

IFRS 9 – Financial Instruments

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities, as defined in IAS 39. The Corporation intends to adopt IFRS 9 in its financial statements for the annual period beginning on January 1, 2018.

The extent of the impact of adoption of these standards has not yet been determined.

4. Insurance proceeds:

On December 7, 2012 the MV Cape Apricot, a large cape size coal vessel, ran through the trestle at Berth 1 rendering it unusable. Repairs to the trestle were completed to a point sufficient to bring Berth 1 back into operations in early February 2013, with final repairs to the road-way on the trestle completed in April 2013.

In mid-September 2014, the Corporation and its insurers reached a collective settlement of their claims with the ship's owners and insurers. The Corporation has recovered $14.3 million in 2014 (2013 - $32.3 million) for a total of $46.6 million from its insurers, the ship's owners and their insurers.

5. Plant and equipment:

	Buildings and land improvements	Machinery and equipment	Construction in progress	Total
Cost:				
Balance at January 1, 2013	$ 35,019	$ 552,438	$ 5,711	$ 593,168
Additions	5,786	-	30,678	36,464
Transfers	-	29,625	(29,625)	-
Disposals	-	(133)	-	(133)
Balance at December 31, 2013	40,805	581,930	6,764	629,499
Balance at January 1, 2014	40,805	581,930	6,764	629,499
Additions	-	216	24,776	24,992
Transfers	227	4,149	(4,376)	-
Disposals	-	(1,470)	-	(1,470)
Balance at December 31, 2014	$ 41,032	$ 584,825	$ 27,164	$ 653,021
Accumulated depreciation:				
Balance at January 1, 2013	$ 30,918	$ 410,842	$ -	$ 441,760
Depreciation	1,026	10,502	-	11,528
Disposals	-	(127)	-	(127)
Balance at December 31, 2013	31,944	421,217	-	453,161
Balance at January 1, 2014	31,944	421,217	-	453,161
Depreciation	855	9,694	-	10,549
Disposals	-	(1,348)	-	(1,348)
Balance at December 31, 2014	$ 32,799	$ 429,563	$ -	$ 462,362
Carrying amounts:				
At December 31, 2013	$ 8,861	$ 160,713	$ 6,764	$ 176,338
At December 31, 2014	8,233	155,262	27,164	190,659

Depreciation was recorded in operating expenses on the consolidated statements of comprehensive income.

6. Finance costs:

	2014	2013
Interest expense (income), net	$ (9)	$ 656
Employee benefit interest expense, net	2,911	2,935
Unrealized loss (gain) on interest hedging contracts	70	(22)
Net finance costs	$ 2,972	$ 3,569

7. Income tax expense:

	2014	2013
Tax expense recognized in profit		
Current income tax expense	$ 42,447	$ 26,899
Deferred tax expense	3,682	19,587
	$ 46,129	$ 46,486
Tax expense (recovery) recognized directly in equity		
Defined benefit plans	$ (3,502)	$ 2,046

	2014	2013
Reconciliation of effective tax rate:		
Profit before income tax	$ 176,577	$ 179,912
Statutory rate	26.00%	25.75%
Expected income tax expense	45,910	46,327
Permanent differences	77	50
Rate changes	-	467
Other	142	(358)
Actual income tax expense	$ 46,129	$ 46,486

8. Deferred tax assets and liabilities:

	December 31, 2014	December 31, 2013
Deferred tax assets:		
Non-pension defined benefits liability	$ 18,394	$ 15,151
Post-retirement benefits	2,322	1,023
Financing fees	1	2
Hedging contracts	12	-
Total assets	20,729	16,176
Deferred tax liabilities:		
Property, plant and equipment	(36,121)	(31,380)
Hedging contracts	-	(6)
Total liabilities	(36,121)	(31,386)
Net deferred income tax liabilities	$ (15,392)	$ (15,210)

9. Share capital:

Authorized:

Unlimited number of common shares, no par value

Issued:

	Common shares	
	2014	2013
74,250,016 issued and outstanding common shares	$ 1,706,265	$ 1,706,265

The holders of the common shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Corporation.

The Corporation has declared dividends of $98,010,000 ($1.32 per share) in equal quarterly amounts in both 2014 and 2013.

10. Profit per share:

Earnings per share:

The calculation of basic profit per share for the year ended December 31, 2014 was based on profit attributable to shareholders and a weighted average number of common shares outstanding.

	2014	2013
Profit for the year	$ 130,448	$ 133,426
Weighted average number of common shares outstanding	74,250,016	74,250,016
Basic and diluted earnings per share	1.76	1.80

11. Employee benefits:

	December 31, 2014	December 31, 2013
Present value of unfunded obligations	$ 70,746	$ 58,272
Present value of funded obligations	112,724	98,044
Total present value of obligations	183,470	156,316
Fair value of plan assets	(103,792)	(94,111)
Recognized liability for defined benefit obligations	$ 79,678	$ 62,205

The Corporation makes contributions to two non-contributory defined benefit plans that provide pension benefits for employees upon retirement. The Corporation also provides two non-contributory, other post retirement benefit plans that provide retiring allowances and other medical benefits after retirement.

Plan Assets:

Plan assets are comprised of the following investments:

	2014	2013
Equity securities	$ 73,919	$ 67,011
Fixed income securities	28,223	24,806
Cash and cash equivalents	1,650	2,294
	$ 103,792	$ 94,111

Asset and Liability Movements:

Movement in the present value of the defined benefit obligations	Pension obligations 2014	Pension obligations 2013	Other post retirement benefits 2014	Other post retirement benefits 2013
Defined benefit obligation at January 1	$ 98,044	$ 91,866	$ 58,272	$ 50,336
Benefits paid by the plan	(5,351)	(5,254)	(1,384)	(1,278)
Current and past service costs and interest (see below)	7,914	11,383	4,766	7,470
Actuarial losses in other comprehensive income (see below)	12,117	49	9,092	1,744
Defined benefit obligations at December 31	$ 112,724	$ 98,044	$ 70,746	$ 58,272

The discount rate used to calculate the benefit obligations decreased from 4.50% as at December 31, 2013 to 4.00% as at December 31, 2014.

Movement in the fair value of the defined benefit plan assets	Pension assets 2014	Pension assets 2013	Other post retirement benefits 2014	Other post retirement benefits 2013
Fair value of plan assets at January 1	$ 94,111	$ 82,422	$ -	$ -
Contributions paid into the plan	3,327	4,056	1,384	1,278
Benefits paid by the plan	(5,351)	(5,254)	(1,384)	(1,278)
Expected return on plan assets (see below)	4,185	3,472	-	-
Non-investment expense (see below)	(220)	(247)	-	-
Actuarial gains in other comprehensive income (see below)	7,740	9,662	-	-
Fair value of plan assets at December 31	$ 103,792	$ 94,111	$ -	$ -

Profit and Loss:

Profit and loss includes the following amounts in respect of post-retirement obligations:

Pension obligations expense recognized in profit and loss	2014	2013
Service costs:		
Current service costs	$ 1,795	$ 1,691
Past service costs	1,713	5,615
Non-investment expenses	220	247
	3,728	7,553
Net interest costs		
Interest cost	4,406	4,077
Expected return on plan assets	(4,185)	(3,472)
	221	605
	$ 3,949	$ 8,158

Other post retirement benefits expense recognized in profit and loss	2014	2013
Current service costs	$ 2,022	$ 1,661
Past service costs	54	3,479
Interest costs	2,690	2,330
	$ 4,766	$ 7,470

The current and past service costs are recognized in operating expenses and net interest costs are included in net finance costs.

Actuarial gains (losses) recognized in other comprehensive income	2014	2013
Cumulative amount at beginning of year	$ (11,530)	$ (19,399)
Actuarial loss – plan experience	(1,967)	(3,179)
Actuarial loss – demographic assumption changes	(8,955)	(2,785)
Actuarial loss – financial assumptions changes	(10,287)	4,171
Return on plan assets greater than discount rate	7,740	9,662
Cumulative amount at December 31	$ (24,999)	$ (11,530)

Funding and Assumptions:

The pension plans are entirely funded by the Corporation. The Corporation's contributions to the pension plans are based on independent actuarial valuations. The other benefit plans have no assets and an annual expense is recorded on an accrual basis based on independent actuarial determinations, considering among other factors, health care cost escalation.

As at December 31, 2014, the Corporation made contributions of $3,327,000 to its pension plan in 2014 and $1,384,000 to its other benefit plan in 2014.

The financial information with respect to the defined benefit pension plans and other benefit obligations is based on the following funding valuations:

	Most recent valuation date	Date of next required valuation
Union Pension plan	January 1, 2014	January 1, 2015
Salaried Retirement plan	January 1, 2013	January 1, 2016

The significant actuarial assumptions adopted in measuring the Corporation's accrued benefit obligations (and costs) are as follows (weighted average assumptions as of December 31):

	2014		2013	
	Pension benefits	Other benefits	Pension benefits	Other benefits
Benefit obligations:				
Discount rate at December 31	4.00%	4.00%	4.50%	4.50%
Rate of increase in future compensation	3.00%	-	3.00%	-
Benefit costs:				
Discount rate at January 1	4.50%	4.50%	4.25%	4.25%
Rate of increase in future compensation	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return on plan assets	4.50%	-	4.25%	-

The average rate of compensation increase is expected to be inflation with an adjustment for merit and productivity gains.

For measurement purposes, an 8% per annum increase in the per capita cost of covered extended health care benefits was assumed for 2014, grading down by 0.50% per annum to 4.50% in 2023. The per annum increase in the per capita cost of medical service plan is 4.00%. The annual rate of increase in the per capita cost of dental benefits is 4.00%.

Sensitivity Analysis:

Assumed discount rates and medical cost trend rates have a significant effect on the accrued benefit obligation. A one percentage point change in these assumptions would have the following effects on the accrued benefit obligation for 2014:

	1% decrease	1% increase
Pension benefit plans		
Discount rate	$ 13,507	$ (13,507)
Other post retirement benefit plans		
Discount rate	10,403	(10,403)
Initial medical cost trend rate	(9,269)	11,454

12. Loans and borrowings:

This note provides information about the contractual terms of the Corporation's interest-bearing loans and borrowings, which are measured at amortized cost.

The Corporation has an operating facility of $15 million which has a letter of credit outstanding against it. During the year, the Corporation increased its outstanding letter of credit from $11,753,000 to $13,444,100 (see note 15). The term of this operating facility was extended during the current year and expires in August 2015.

The Corporation has a $50 million revolving credit facility to be utilized for capital expenditures and investments, none of which was drawn at December 31, 2014. The credit facility has a term ending August 31, 2016, and is secured by a pledge of all of the assets of the Corporation. The revolving credit facility bears interest at the one month BA rate plus a margin and no repayments are required until maturity.

Under its credit facilities, the Corporation is required to comply with certain financial covenants. At December 31, 2014, the Corporation was in compliance with these financial covenants.

For more information about the Corporation's exposure to interest rate, foreign currency and liquidity risk, please see note 17.

13. Financial instruments:

The carrying amounts of financial assets and liabilities reported in the consolidated statement of financial position approximate their fair values.

Financial instruments carried at fair value, by the levels in the fair value hierarchy, are as follows:

		Fair value measurement at reporting date using:		
	December 31, 2014	Quoted prices in active markets identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets (liabilities):				
Derivative instruments:				
Interest rate swap contracts	$ (48)	$ -	$ (48)	$ -

On May 7, 2013, the Corporation entered into two interest rate swaps, each with notional value of $15,000,000 and maturing on August 31, 2016. Under the terms of the swaps, the Corporation pays an amount based on a fixed annual interest rate of 1.56% and 1.46% respectively, and receives a 1 month BA CDOR which is recalculated at set interval dates.

As these interest rate swaps have not been designated as hedges, the fair value of these interest rate swaps at December 31, 2014, being a liability of $48,000 (measured based on Level 2 of the fair value hierarchy), has been recorded in other liabilities and a loss of $70,000 has been recognized in net finance costs for the year ended December 31, 2014.

The carrying amounts of interest rate swaps are equal to fair value, which is based on valuations obtained from the counterparty. The mark-to-market value is determined by the counterparty by multiplying the notional amount of the trade with the difference between the forward rate and the contract rate and discounting the resultant asset or liability by an applicable discount factor.

14. Operating leases:

The Corporation is committed under operating leases to the rental of property, facilities, and equipment.

The Corporation's terminal site is leased from the Vancouver Fraser Port Authority. The term of the lease is until December 31, 2026 with the Corporation having further options to extend the term to December 31, 2066. Charges payable by the Corporation under the lease comprise an annual base land and waterlot rental fee of $5,207,000 (2013 - $5,207,000) and an annual participation rental fee based on the volume of coal shipped. A minimum participation rental fee of $6,494,000 (2013 - $6,494,000) is charged based on a minimum annual tonnage ("MAT") of 17.6 million tonnes. A higher participation rental fee per tonne is charged on tonnage in excess of the MAT. In 2014, the Corporation paid $9,992,591 (2013 - $9,870,000) in relation to the higher participation rental fee.

Future minimum operating lease payments for the years ending December 31 (assuming minimum annual tonnes) are as follows:

	Terminal Lease	Other	Total
2015	$ 11,701	$ 290	$ 11,991
2016	11,701	-	11,701
2017	11,701	-	11,701
2018	11,701	-	11,701
2019	11,701	-	11,701
Thereafter	81,906	-	81,906

15. Commitments:

The Corporation has provided a letter of credit of $13,444,100 (December 31, 2013: $11,753,000).

The Corporation has commitments of $166,081,000 with respect to equipment purchases that are to be delivered and paid for as part of the terminal reinvestment project.

16. Major Customers:

The following customers accounted for throughput of greater than 10% of total throughput:

	2014	2013
Teck Coal Partnership	58%	56%
Other customer A	12%	14%
Other customer B	18%	17%

17. Financial risk management:

The Corporation is exposed to various risks associated with its financial instruments, which include credit risk, liquidity risk and market risk. Further quantitative disclosures are included throughout these consolidated financial statements.

(a) Credit risk:

Credit risk is the risk of financial loss to the Corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from accounts receivable and cash and cash equivalents. Credit risk can also arise on foreign currency contracts held by the Corporation.

The Corporation's exposure to credit risk is influenced by the profitability of coal mining companies, which is heavily impacted by the price of the coal. The Corporation does not have any collateral or security for its receivables. The Corporation monitors the financial health of its customers and regularly reviews its accounts receivable for impairment. As at December 31, 2014 and 2013, there were no trade accounts receivable past due which were considered uncollectible and no reserve in respect of doubtful accounts was recorded.

The Corporation limits its exposure to credit risk arising from cash equivalents by only investing in money market funds with a major Canadian financial institution. The Corporation does not expect any credit losses in the event of non-performance by counter parties to its foreign exchange forward contracts as the counter parties are major Canadian financial institutions.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk is:

		2014		2013
Cash and cash equivalents	$	85,639	$	61,408
Accounts receivable		8,863		18,218
Other assets - interest rate contracts		-		22
	$	94,502	$	79,648

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they fall due. The Corporation continually monitors its financial position to ensure that it has sufficient liquidity to discharge its obligations when due.

The current financial liabilities of the Corporation, which include accounts payable and accrued liabilities, income tax payable and dividends payable to shareholders, have a contractual maturity of less than 1 year. The Corporation also has interest rate swaps with a notional value of $30 million outstanding at December 31, 2014.

The Corporation also maintains a $15 million operating facility that can be drawn down to meet short term financing needs. This facility was not used during the year and remained undrawn at December 31, 2014, although the Corporation has an outstanding letter of credit for $13,444,100.

The Corporation has a $50 million revolving credit facility to be utilized for capital expenditures and investments, none of which was drawn at December 31, 2014. The credit facility has a term ending August 31, 2016, and is secured by a pledge of all of the assets of the Corporation. The revolving credit facility bears interest at the 1 month BA rate plus a margin and no repayments are required until maturity.

(c) Market risk:

The significant market risk exposures affecting the financial instruments held by the Corporation are those related to foreign currency exchange rates and interest rates.

(*i*) Foreign currency exchange rates:

The Corporation holds some cash denominated in foreign currencies and the Canadian-dollar value of these cash balances fluctuates with changes in the exchange rate. As at December 31, 2014, the Corporation held US$21.7 million (2013 – US$10.9 million). A $0.01 increase in the US/Canadian exchange rate would have increased the Canadian dollar value of this cash balance and increased foreign exchange gains by $217,000 for the year.

The accounts receivable due from US customers are denominated in US dollars. The US dollar denominated accounts receivable outstanding as at December 31, 2014 was $2,676,000 (2013 - $49,000).

The Corporation does not have any outstanding foreign currency contracts at December 31, 2014.

(*ii*) Interest rates:

The Corporation has limited exposure to interest rate risk on the cash equivalents. Money market fund returns are correlated with Canadian T-bills and Bankers' Acceptances of major Canadian financial institutions.

The Corporation also has interest rate risk on the revolving credit facility. The revolving credit facility carries an interest rate that floats with market rates.

The Corporation has two outstanding interest rate swaps at December 31, 2014. The fair market value of the Corporations interest rate swaps is a liability of $48,000. It has been recorded in other liabilities and a loss of $70,000 has been recognized in net finance costs for the year ended December 31, 2014.

18. Capital management:

The capital of the Corporation consists solely of shareholders' equity which includes issued share capital and deficit.

The objective of the Corporation is to maintain a stable capital base and ensure that the capital structure does not interfere with the Corporation's ability to meet its distribution policy or fund future projects. The Corporation expects to declare and pay dividends to holders of its Common Shares equal to $0.33 per share per quarter on the basis that the Corporation handles approximately 30 million tonnes of coal or more annually under the existing customer agreements. This approach will be reviewed on a regular basis. The Corporation expects that its quarterly dividends to shareholders will be funded by earnings and operating cash flows, and surplus cash will be added to the Corporation's available capital for future capital projects.

19. Related party transactions:

	2014	2013
Administration agreement		
Westar Management Ltd.	$ 345	$ 335
Management agreement:		
Westar Management Ltd. - base fee	1,008	979
Management agreement:		
Westar Management Ltd. - Incentive fee	4,989	4,161
Vehicle leases:		
Affiliate of Westar Management Ltd.	632	508
Director fees:		
Director fees	389	390

Westshore Terminals Investment Corporation

Directors

William W. Stinson
Corporate Director

M. Dallas H. Ross
Partner, Kinetic Capital Partners

Gordon Gibson
Corporate Director

Michael J. Korenberg
Deputy Chairman & Managing Director, The Jim Pattison Group; Chairman, Canfor Corporation and Canfor Pulp Products Inc.

Brian A. Canfield
Corporate Director

Doug Souter
Corporate Director

Glen Clark
President, The Jim Pattison Group

Officers

William W. Stinson
Chairman, Chief Executive Officer &President

M. Dallas H. Ross
Chief Financial Officer

Nick Desmarais
Secretary & Vice President of Corporate Development

Stock Exchange Listing

Toronto Stock Exchange

Trading Symbol

WTE

Registrar and Transfer Agent

Computershare Investor Services Inc.
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Director

Glen Clark
Director

Gordon Gibson
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Michael J. Korenberg
Director

Doug Souter
Director

Brian A. Canfield
Director

Glenn Dudar
Vice-President & General Manager

Nick Desmarais
Secretary