WESTSHORE TERMINALS INVESTMENT CORPORATION

ANNUAL REPORT

2015

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)		2015		2014
Tonnage (in thousands)		28,848		30,603
Coal loading revenue	$	319,653	$	303,819
Profit before taxes and insurance proceeds	$	206,692	$	162,296
Profit before taxes	$	206,692	$	176,577
Profit for the year	$	152,931	$	130,448
Profit for the year per share	$	2.06	$	1.76
Dividends declared	$	85,215	$	98,010
Dividends declared per share	$	1.15	$	1.32
Shares outstanding at December 31		73,865,954		74,250,016
Share Trading Statistics				
High	$	34.24	$	38.02
Low	$	10.81	$	28.68
Close	$	11.65	$	31.63
Annual Volume		42,521,665		26,314,000

Share price as of March 21, 2016 closed at $15.21

Westshore Terminals Investment Corporation
Directors' Letter and Report to Shareholders

Dear Shareholder:

2015 represented a year of sudden change and significant challenge for Westshore and its customers, due to difficult and rapidly deteriorating market conditions in the seaborne coal markets. The steel making and thermal coal markets continue to be oversupplied and our customers were faced with difficult decisions during the year. Despite reduced throughput volumes of 28.8 million tonnes, down from the record 30.6 million tonnes in 2014, revenues for the year were a record $365.8 million, which included take-or-pay shortfall payments and payments made as part of the restructuring of certain contracts. Reservation fees from a customer to secure future terminal access are not included in current revenues.

With the ongoing depressed market conditions and the restructuring of two customer contracts in Q4 2015, the board of directors determined to continue with its policy of incurring no debt financing for the $270 million capital project. This resulted in the dividend being reduced from $0.33 per quarter to $0.16 per quarter. The dividend policy remains subject to review given market conditions and customer performance.

To date, the new office and shops have been completed and a new ship loader and stacker reclaimer are scheduled for delivery and installation by end of 2016. Installation and commissioning of this new equipment will be a significant undertaking for Westshore during 2016, the most complex year of the capital project, and will result in some reduction in capacity for certain periods of the year. The second new stacker reclaimer is expected to be delivered and operational by late 2017. The third and final new stacker reclaimer under contract can be cancelled at Westshore's option until December 31, 2016 without significant penalty and a decision on this will be made later in the year. If the last stacker reclaimer is cancelled, the capital project (which replaces 30-40 year old equipment and facilities, all of which are approaching end of useful life) would reduce the total budget for the project to $225 million. Following completion of the capital project, Westshore will have an updated terminal facility with modernized equipment and a 50 year lease.

During 2015, the Corporation purchased, under its normal course issuer bid ("NCIB") 384,062 shares or approximately 0.05% of the issued and outstanding shares for approximately $10.3 million. The Corporation intends on renewing the NCIB in April 2016.

For 2016, based on information from its customers and agreements in place, Westshore anticipates total throughput volumes being 24 -24.5 million tonnes. Total revenues for 2016 will include throughput charges and payments arising from contract renegotiations in 2015 (but for amounts less than those received in 2015). Based on these volumes and all other payments under renegotiated agreements being met, 2016 revenues and profits before taxes should be closer to 2013 revenues and profits levels before taxes (each before insurance proceeds).

Westshore is in ongoing discussions with existing and potential customers to increase throughput volumes above 2016 projected levels. The existing agreement with a new Canadian metallurgical coal customer is expected to lead to an increase in volume commencing 2018 and beyond, provided the project goes ahead. In the interim, Westshore is able to contract for current excess capacity with existing or new customers as opportunities arise. In addition, Westshore has been reviewing all facets of its operations with a view of reducing costs and maximizing efficiencies given the expectation of lower throughput volumes.

All three collective agreements representing the ILWU unions representing Westshore's workforce (longshoremen, foreman and clerical) expired January 31, 2016 and negotiations are expected to be ongoing throughout the year.

We look forward to continuing to build for the future while doing our best to weather the current difficult conditions in the coal markets.

For the Board of Directors,

(Signed) "*William Stinson*"

William Stinson
Chairman of the Board of Directors

Vancouver, B.C.
March 21, 2016

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, 2015. 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 21, 2016.

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/US dollar exchange rate, the future cost of post-retirement benefits, expected timing to negotiate labour agreements, expected timing for shipments from a new customer, cost of and timing to complete capital projects and environmental upgrades, renewal of the Corporation's normal course issuer bid, ability of Westshore to extend the term of its revolving credit facility 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 in the future 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 *Business Corporations Act* (British Columbia) 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.

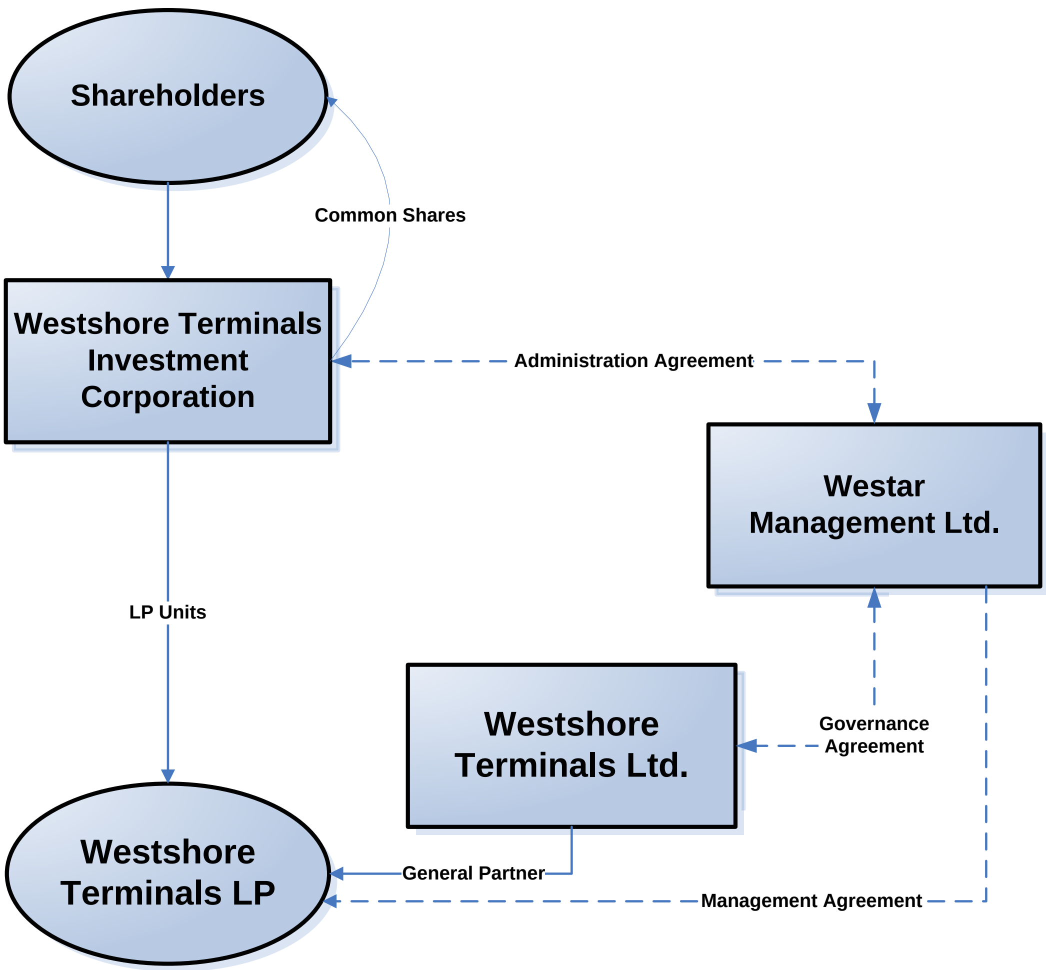
The Corporation derives its cash inflows from its investment in Westshore by way of distributions on Westshore's limited partnership units. Westshore operates a coal storage and loading terminal at Roberts Bank, British Columbia (the "Terminal"). Substantially all of Westshore's operating revenues are derived from rates charged for loading coal onto seagoing vessels. During 2015 Westshore received some shortfall payments for tonnage commitments not met in 2015 and it also received other payments in consideration for restructuring certain contractual commitments.

Westshore's results are significantly affected by the volume of coal shipped by different customers for sale in the export market, the rates per tonne charged by Westshore and Westshore's costs. Contracts running to 2021 and later provide fixed volume commitments at fixed rates for a substantial portion of the Terminal's estimated current capacity, but the volume commitments have been reduced by agreement for 2016-2018. The strong US dollar has increased the effective rate per tonne currently being realized from US customers. Westshore has also begun to receive reservation payments from the owners of a mine under development which will be recognized as revenue over the term of the loading contract. As Westshore receives, installs and commissions new equipment, comprising the $270 million capital project (the "Capital Project"), over the next few years, some operational disruptions will occur which will reduce actual capacity.

This MD&A has been prepared by the Corporation to accompany the financial results of the Corporation for the financial year ended December 31, 2015.

Structure

The following chart illustrates the Corporation's primary structural relationships. The Corporation holds all of the limited partnership units of Westshore and all of the common shares of Westshore Terminals Ltd. (the "General Partner"). 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 2016 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, 2015, 2014 and 2013, which were prepared in Canadian dollars using IFRS.

	2015	2014	2013
	$	$	$
Revenue	**365,817**(2)	312,075	295,725
Profit before taxes and insurance proceeds	**206,692**	162,296	147,587
Profit before taxes	**206,692**	176,577	179,912
Profit for the period	**152,931**	130,448	133,426
Profit for the period per share(1)	**2.06**	1.76	1.80
Dividends declared	**85,215**	98,010	98,010
Dividends declared per share	**1.15**	1.32	1.32
Total assets	**752,906**	663,832	632,994
Total long term liabilities	**120,516**	95,070	77,415

(1) The weighted average number of Common Shares outstanding for 2015 was 74,128,107, and for 2014 and 2013 were 74,250,016.

(2) Includes revenues from certain restructured agreements in Q4 2015 that in aggregate are not anticipated for 2016

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, 2015	**Sep 30, 2015**	**Jun 30, 2015**	**Mar 31, 2015**
	$	**$**	**$**	**$**
Revenue	105,526(1)	81,514	92,395	86,383
Profit before taxes and insurance proceeds	70,020	43,826	49,284	43,563
Profit before taxes	70,020	43,826	49,284	43,563
Profit for the period	51,887	32,416	36,455	32,174
Profit for the period per share	0.70	0.44	0.49	0.43
Dividends declared	11,819	24,392	24,502	24,502
Dividends declared per share	0.16	0.33	0.33	0.33

(1) Includes revenues from certain restructured agreements in Q4 2015 that in aggregate are not anticipated for 2016.

(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

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 the volume 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 has contracts to ship coal from mines in British Columbia and one mine in Alberta, as well as from two 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 66% of Westshore's throughput by volume in 2015 (2014 –58%).

Coal is delivered to the Terminal in unit trains operated by 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 16 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)

	2015		2014		2013	
	Tonnes	**%**	**Tonnes**	**%**	**Tonnes**	**%**
Korea	9,370	32	9,841	32	11,906	40
Japan	6,198	22	6,974	23	6,291	21
China	3,972	14	5,219	17	6,497	22
Europe	3,599	12	2,435	8	1,712	6
S. America	3,055	11	3,106	10	1,294	4
Taiwan	1,093	4	1,383	5	1,656	5
Other	1,561	5	1,645	5	738	2
Total	28,848	100	30,603	100	30,094	100

During 2015, 68% of Westshore's volume was steel-making coal (62% in 2014) and 32% was thermal coal (38% in 2014). Approximately 95% of the coal shipped to China was steel making coal.

Westshore's customers compete with other suppliers of coal throughout the world. With respect to steel-making coal, Australian coal mines are the most prominent competitors. Over the last decade there have been significant variations in the supply-demand balance in seaborne steel-making coal, resulting in notable 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. As was seen in 2015, the further weakening in the market for seaborne thermal coal materially affected the ability of Westshore's thermal coal customers to sustain sales and resulted in renegotiation of certain customer agreements to reduce or eliminate volume commitments for 2016-2018.

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.

Westshore's contract with Grande Cache Coal Corporation for handling coal produced from its operations in Alberta was amended in 2014 and in accordance with the amended agreement was terminated in Q4 2015 as Grande Cache shut down all of its operations. In 2015, Westshore loaded 0.5 million tonnes for Grande Cache compared to 1.4 million tonnes in 2014.

Westshore's contracts with its US thermal coal producers run through 2024. In 2015, Westshore renegotiated contracts with both US customers following significant declines in seaborne thermal coal markets. In one case, volume commitments were eliminated for the period 2016-2018 and, in the other case, volume commitments were reduced for the period 2016-2018. Westshore received and is entitled to receive payments as part of these contract restructurings. The US producers accounted for approximately 31% of Westshore's throughput by volume in 2015 (30% in 2014).

In 2014, Westshore entered into an agreement with Riversdale Resources Limited ("Riversdale"), a Canadian company with a planned steel-making coal mine to be developed in Blairmore, Alberta. Under the terms of the agreement, which was amended in Q3 2015 to increase the volume reserved, Riversdale will pay Westshore an annual reservation fee to hold 4 million tonnes of capacity at Westshore. The agreement provides for a 10 year throughput commitment at fixed rates. Production is expected to start in 2019 and ramp up thereafter.

Labour

Labour agreements with all three locals of the International Longshore and Warehouse Union (the longshoremen, foreman and clerical workers) expired on January 31, 2016. Negotiations are anticipated to carry on through 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 with 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. After these upgrades, the estimated 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 (referred to as the "Capital Project"). 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 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.

To date, the new office and shops have been completed and a new ship loader and stacker reclaimer are scheduled for delivery and installation by the end of 2016. Installation and ramp up of this new equipment will be a significant undertaking for Westshore during 2016. . The second new stacker reclaimer has been ordered and is expected to be delivered and operational by late 2017. The third and final new stacker reclaimer under contract can be cancelled, at Westshore's option, until December 31, 2016 without significant penalty and a decision on this will be made later in the year. If the last stacker reclaimer is cancelled, the Capital Project (which replaces 30-40 year old equipment and facilities, all of which are approaching end of useful life) would reduce the total budget for the project to $225 million. Following completion of the Capital Project, Westshore will have an updated- terminal with modernized equipment, capable of maintaining higher throughput levels on a sustainable basis with a 50 year lease.

Upon completion, the Capital Project will conclude a ten plus year, $380 million capital upgrade of the Terminal. This does not include an additional $43 million spent over the same period on improved and updated environmental systems like improvements to dust suppression on site and a new water treatment plant. Additional environmental upgrade projects are ongoing during the 2016 - 2019 period at a cost of an additional anticipated $19 million, which are all part of Westshore's ongoing operational improvements.

Results of Operations

Tonnage shipped for Q4 2015 was 6.3 million tonnes compared to 6.7 million tonnes for the same period in 2014. Tonnage shipped in 2015 was 28.8 million tonnes compared to 30.6 million tonnes in 2014. Of the tonnes shipped in 2015, 67% was metallurgical coal and 32% was thermal coal, compared to 62% and 38% respectively for the same period in the prior year. Lower volumes for 2015 are the result of reduced shipment levels agreed upon with customers for the second half of 2015. In accordance with customer agreements, Westshore has received shortfall payments and other accelerated payments in 2015.

Coal loading revenue increased by 5.8% to $70.9 million for Q4 2015 compared to $67.0 million for the same period in 2014. While volumes were less for the quarter (year over year), the average loading rate in Q4 2015 was $11.19 per tonne compared to $10.01 per tonne through the same period in 2014. Full year coal loading revenue increased by 5.2% to $319.7 million in 2015 from $303.8 million in 2014 driven by higher rates and the benefit of a more advantageous USD/CAD exchange rate with respect to revenues from Westshore's US customers. The average loading rate for 2015 was $11.08 per tonne compared to $9.93 per tonne for 2014.

Other revenue, consisting of contractual shortfall payments, payments under restructured agreements and wharfage income, increased to $34.6 million in Q4 2015 from $3.0 million for the same period in 2014. In 2015 other income was $46.2 million compared to $8.3 million in 2014. The significant increase in 2015 is due to both payments in respect of 2015 shortfalls from committed tonnage and consideration received for the reduction of committed tonnes to be shipped in subsequent years by Westshore's US customers under the restructured agreements. The amount of any shortfall payments received by Westshore in 2016 will be dependent on throughput volumes. Payments under the restructured agreements will be less in 2016 and will be reduced further in 2017 and 2018.

Operating expenses decreased by 7.8% to $31.7 million for Q4 2015 compared to $34.4 million for the same period in 2014. This was largely due to the reduced volumes in Q4 2015. In 2015 operating expenses increased by 7.5% to $143.5 million compared to $133.5 million for the same period in 2014, due to a $6.5 million increase in pension and other post-retirement benefit plan expenses (principally related to past service costs), contracted wage increases and significant accelerated overall maintenance work.

Administration expenses of $3.9 million in Q4 2015 increased slightly from the $3.7 million incurred in the same period of 2014. Full year administration expenses increased slightly to $14.8 million in 2015 from $14.6 million in 2014.

Net finance costs increased slightly to $0.9 million in Q4 2015 from $0.7 million during the same period of 2014. The net interest cost components of the employee benefit plan expense are recorded in net finance costs. Full year net finance costs increased to $3.7 million in 2015 from $3.0 million in 2014. The increase over the prior year is solely attributable to an increase in interest cost on the higher post-retirement liabilities.

Income tax expense increased to $18.1 million in Q4 2015 from $8.4 million in Q4 2014. Full year income tax expense increased to $53.8 million in 2015 from $46.1 million in 2014. The higher tax expense is due to higher profits recognized in the period.

Profit in the quarter increased to $51.9 million in 2015 from $23.3 million in 2014 driven by shortfall payments and payments under restructured agreements which did not occur in Q4 2014. Full year profit increased by $22.5 million to $152.9 million in 2015 from $130.4 million in 2014, although 2014 included $14.3 million of insurance proceeds which did not recur in 2015.

Other comprehensive income or 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 performance (relative to actuarial expectations).

Other comprehensive loss for the fourth quarter decreased to $5.5 million in 2015 from $5.7 million in 2014. The change in 2015 is primarily due to the discount rate decreasing by 0.25% offset by better plan asset performance relative to actuarial expectations. The change in the fourth quarter of 2014 is primarily due to demographic assumption changes offset by better plan asset performance relative to actuarial expectations.

Full year other comprehensive loss increased to $11.2 million in 2015 from $10.0 million in 2014. Both a 0.25% lower discount rate used to calculate post-retirement liabilities and weaker plan asset performance for the year relative to actuarial expectations resulted in a loss. Changes in actuarial assumptions in 2014 resulted in an actuarial loss but this was offset somewhat by stronger plan asset performance relative to actuarial expectations.

Cash Flows

(In thousands of Canadian dollars)	Three Months Ended		Year Months Ended	
	December 31, 2015	**December 31, 2014**	**December 31, 2015**	**December 31, 2014**
	$	**$**	**$**	**$**
Operating cash flows before working capital changes and income tax payments	72,875	35,359	221,748	191,128
Working capital changes	21,922	16,099	23,557	6,731
Income tax paid	(10,500)	(10,499)	(47,102)	(56,250)
Cash flow from operations	84,297	40,959	198,203	141,609
Cash flows used in financing activities	(24,867)	(24,376)	(108,292)	(98,001)
Cash flows used in investing activities	(20,143)	(5,672)	(77,598)	(19,377)
Increase in cash and cash equivalents	39,287	10,911	12,313	24,231

Cash flows from operations are available to the Corporation to fund capital and other expenditures, establish reserves and pay dividends to shareholders. Operating cash flows before changes in working capital and income tax payments for the fourth quarter increased to $72.9 million in 2015 from $35.4 million for the same period in 2014. Cash flows from coal loading operations were higher in the fourth quarter of 2015 due to higher loading rates, take or pay shortfall payments and payments from renegotiated agreements. Working capital changes in the fourth quarter increased to a $21.9 million inflow in 2015 from a $16.1 million inflow for the same period in 2014, primarily due to a decrease in accounts receivable and an increase in accounts payable and the current portion of deferred revenue which fluctuate depending on timing of receipts and payments. Income tax payments were consistent quarter over quarter. Cash flow from operations in the fourth quarter increased to an $84.3 million inflow in 2015 from an inflow of $41.0 million for the same period in 2014.

Full year operating cash flows before changes in working capital and income tax payments increased to $221.7 million in 2015 from $191.1 million in 2014. Cash flows from coal loading operations were higher in 2015 due to higher loading rates, take or pay shortfall payments and payments from renegotiated agreements. 2014 included insurance recoveries of $14.3 million that did not recur in 2015. Working capital changes increased to a $23.6 million inflow in 2015 from a $6.7 million inflow in 2014, primarily due to the timing of payments and recognition of deferred revenue, the long term portion of which is due to payments under certain contracted arrangements being recognized over the life of the relevant contract rather than upon receipt. Income tax payments decreased to $47.1 million in 2015 from $56.3 million in 2014 due to a larger 2013 year-end tax bill (paid in early 2014) resulting from smaller installments paid in 2013. Cash flow from operations increased to a $198.2 million inflow in 2015 from an inflow of $141.6 million in 2014.

Cash used in financing activities for the quarter increased to $24.9 million in 2015 from $24.4 million in 2014. The cash used in financing activities increased to $108.3 million in 2015 from $98.0 million in 2014. This increase is attributable to share repurchases made in 2015. During 2015, the Corporation purchased under its NCIB 384,062 shares or approximately 0.05% of the issued and outstanding shares for approximately $10.3 million.. The Corporation intends on renewing the NCIB in April 2016. The dividends paid in 2015 totaled $97.9 million compared to $98.0 million in 2014.

Cash used in investing activities for the fourth quarter increased to $20.1 million in 2015 from $5.7 million for the same period in 2014. The cash used in investing activities increased to $77.6 million in 2015 from $19.4 million in 2014. The capital expenditures in the prior period were incurred as part of routine maintenance capital, whereas capital expenditures in the current period consisted primarily of costs capitalized for the Capital Project. Westshore expects that capital expenditures will increase in 2016 as components of the Capital Project are built and paid for in accordance with contractual requirements.

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 the replacement of the three older stacker-reclaimers, a shiploader and related equipment. Together with the construction of the new office and shops (which is now complete), these expenditures are projected to total under $270 million and are planned in phases, ending in early 2019. The Capital Project is intended to be financed through retention of cash flow. Once the Capital Project is complete, it is anticipated that the rated capacity of the terminal will increase by 2-3 million tonnes per annum. Whether additional throughput in fact results will depend on a variety of factors which currently cannot be predicted.

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 is used for a letter of credit related to pension funding. During the year, Westshore increased its outstanding letter of credit from $13.4 million to $14.8 million. The term of the operating facility expires on August 29, 2016.

Westshore has a $50 million revolving credit facility to be utilized for capital expenditures and investments, which was not drawn as at December 31, 2015. The credit facility has a term ending August 31, 2016, and is secured by a pledge of all of the assets of Westshore. Westshore does not anticipate any problems extending the term of this facility. 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 $10.8 million in 2015 (2014 – $4.7 million), which was comprised of $9.4 million (2014 – $3.3 million) for contributions to the pension plans and $1.4 million (2014 - $1.4 million) for payments for other post-retirement benefits. Pension funding in 2015 increased over the prior year due to a drop in the solvency valuation discount rates and plan improvements that were required to be pre-funded. The balance sheet at December 31, 2015 reflects a $99.3 million net obligation for post-retirement pension benefits and other post-retirement benefit plans compared to $79.7 million at December 31, 2014. This balance would decline in the future if long term interest rates increase, and increase if such rates were to fall.

Future minimum payments under Westshore's operating lease payments with Vancouver Fraser Port Authority ("VFPA") are as follows:

	Terminal Lease	Other	Total
2016	$ 11,701	$ 290	$ 11,991
2017	11,701	-	11,701
2018	11,701	-	11,701
2019	11,701	-	11,701
2020	11,701	-	11,701
Thereafter	70,205	-	70,205

In addition to the above minimum operating lease payments, Westshore also pays an annual participation rental fee to VFPA based on the volume of coal shipped in excess of 17.6 million tonnes.

As at December 31, 2015, Westshore has a commitment of $200.4 million with respect to equipment purchases. Of that total commitment, $198.4 million relates to equipment to be delivered and paid for as part of the Capital Project.

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

Financial Instruments

Westshore receives some of its revenue in US dollars and is therefore exposed to foreign currency exchange rate risk. Westshore enters into foreign currency contracts for a portion of its exposed revenue to mitigate that risk. The value of these financial instruments fluctuates with changes in the USD/CAD dollar exchanges rate.

As at December 31, 2015, Westshore had entered into put options with notional amounts totalling US$12.4 million to exchange US dollars for Canadian dollars with a strike price of $1.4254. The counterparty has call options with notional amounts totalling US$12.4 million to exchange US dollars for Canadian dollars with a strike price of $1.36.

The fair value of these foreign exchange contracts as at December 31, 2015 was $30,000 (measured based on Level 2 of the fair value hierarchy). As these foreign exchange contracts have not been designated as hedges, their fair value has been recorded in other assets and a gain of $30,000 has been recognized in foreign exchange gain for the year ended December 31, 2015.

The carrying amount of these 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.

Distributions

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

(In thousands of Canadian dollars except per share amounts)	2015 $	2014 $
Total Dividends on Common Shares	85,215	98,010
Total Dividends per Common Share	1.15	1.32

In view of the decision to reinvest approximately $270 million over the next four years for the Capital Project and the current difficulties in the seaborne export coal market, the directors determined to continue its policy of incurring no debt financing for the Capital Project. The Corporation had set a dividend rate of $0.33 per share per quarter, which was paid during all of 2013 and 2014. Due to deteriorating market conditions in 2015 coupled with the restructuring of two US thermal coal customer agreements during the year, the board, as of Q4 2015, reduced the dividend to $0.16 per share per quarter. Such dividend level is subject to regular review and possible change based on other opportunities that may come before Westshore, actual operating performance and current market conditions.

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 the handling of that coal, and Westshore's operating and administrative costs. Contracts entered into and revised since 2011 provide significant customer volume commitments through to 2021 and later at fixed rates, however, some volume commitments have been reduced by agreement for 2016 - 2018.

The variance in revenues from 2015 will ultimately be impacted by numerous factors, including total volumes shipped through the Terminal, the distribution of throughput by customer, shortfall payments and foreign exchange rates. Based on the information currently available to it, Westshore is anticipating throughput volume in 2016 to be approximately 24 - 24.5 million tonnes compared to 28.8 million tonnes in 2015. Based on these volumes and all other payments under renegotiated agreements being met, 2016 revenues and profits before taxes should be closer to 2013 revenues and profits levels before taxes (each before insurance proceeds).

Related Party Transactions

Westar Management Ltd. (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 $1,250,000 was paid in this regard by Westshore for the year ended December 31, 2015. The incentive fee for the year ended December, 31, 2015 was $5,500,000 and was paid subsequent to December 31, 2015 (2014 - $4,989,000, paid in 2015).

Under the Management Agreement, Westshore will pay the Manager a base fee of $1,500,000 for 2016 and this fee will escalate at 3% annually thereafter. The incentive fee remains subject to an annual cap 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 cap for 2016 is $6.5 million.

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 $400,000 to the Manager for the year ended December 31, 2015. The fees payable to the Manager will be $500,000 for 2016, and will increase 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 23. There were no significant changes in accounting policies in 2015.

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 Westshore will be required to settle the obligation. At the expiry of the Terminal's lease, the 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 remote. 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 balance sheet. 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 supersede 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, 2018.

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.

IFRS 16 – Leases

On January 13, 2016 the IASB issued IFRS 16 – *Leases*, which will supersede IAS 17 – *Leases*. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019.

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, 2015. 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, 2015 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.

During the year, the Corporation undertook a project to implement the updated Internal Control - Integrated Framework (COSO 2013 Framework) as published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The project is nearing completion and the Corporation expects to be fully compliant in 2016.

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, 2015 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.

During the year, the Corporation undertook a project to implement the updated Internal Control - Integrated Framework (COSO 2013 Framework) as published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The project is nearing completion and the Corporation expects to be fully compliant in 2016.

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 Professional 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, 2015 and December 31, 2014, 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, 2015 and December 31, 2014, 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 Professional Accountants

March 21, 2016
Vancouver, Canada

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

	Note		December 31, 2015		December 31, 2014
Assets					
Current assets:					
Cash and cash equivalents		$	97,952	$	85,639
Accounts receivable			9,342		8,863
Inventories			12,716		12,041
Prepaid expenses			6,226		1,089
			126,236		107,632
Property, plant, and equipment:					
At cost	6		733,924		653,021
Accumulated depreciation			(472,825)		(462,362)
			261,099		190,659
Goodwill			365,541		365,541
Other assets	14		30		-
		$	752,906	$	663,832
Liabilities and Shareholders' Equity					
Current liabilities:					
Accounts payable and accrued liabilities		$	55,721	$	42,389
Income tax payable			11,194		4,084
Deferred revenue			9,582		-
Other liabilities	14		139		48
Dividends payable to shareholders	10		11,819		24,503
			88,455		71,024
Deferred revenue			10,239		-
Deferred income taxes	9		11,006		15,392
Employee future benefits	12		99,271		79,678
			208,971		166,094
Shareholders' equity (deficit):					
Share capital	10		1,697,444		1,706,265
Deficit			(1,153,509)		(1,208,527)
			543,935		497,738
		$	752,906	$	663,832

Commitments (notes 15 and 16)

See accompanying notes to consolidated financial statements.

Approved on behalf of the Board:

(Signed) "William W. Stinson"	(Signed) "M. Dallas H. Ross"
William W. Stinson	M. Dallas H. Ross
Director	Director

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

Years ended December 31, 2015 and 2014

	Note		2015		2014
Revenue:					
Coal loading		$	319,653	$	303,819
Other			46,164		8,256
			365,817		312,075
Expenses:					
Operating			143,548		133,497
Administrative			14,751		14,591
			158,299		148,088
Other:					
Foreign exchange gain			2,845		1,218
Insurance proceeds	4		-		14,281
Gain on disposal of plant and equipment			-		63
Net finance costs	7		(3,671)		(2,972)
Profit before income tax			206,692		176,577
Income tax expense	8		53,761		46,129
Profit for the year			152,931		130,448
Other comprehensive loss:					
Defined benefit plan actuarial losses	12		(15,133)		(13,469)
Income tax recovery on other comprehensive loss			3,935		3,502
Other comprehensive loss for the year, net of income tax			(11,198)		(9,967)
Total comprehensive income for the year		$	141,733	$	120,481
Profit per share:					
Basic and diluted earnings per share	11	$	2.06	$	1.76
Weighted average number of shares outstanding			74,128,107		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, 2015 and 2014

	Share capital	Deficit	Total
Balance at January 1, 2014	$ 1,706,265	$ (1,230,998)	$ 475,267
Profit for the year	-	130,448	130,448
Other comprehensive 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

	Share capital	Deficit	Total
Balance as at January 1, 2015	$ 1,706,265	$ (1,208,527)	$ 497,738
Profit for the year	-	152,931	152,931
Other comprehensive loss:			
Defined benefit plan actuarial losses, net of tax	-	(11,198)	(11,198)
Total comprehensive income for the year	-	141,733	141,733
Distributions to shareholders of the Corporation:			
Dividends declared to shareholders	-	(85,215)	(85,215)
Adjustments due to share repurchases	(8,821)	(1,500)	(10,321)
Balance at December 31, 2015	$ 1,697,444	$ (1,153,509)	$ 543,935

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, 2015 and 2014

	2015	2014
Cash provided by (used in):		
Operations:		
Profit for the year	$ 152,931	$ 130,448
Adjustments for:		
Foreign exchange contracts	(30)	-
Depreciation	10,463	10,549
Employee future benefits liability	952	1,093
Net finance costs	3,671	2,972
Income tax expense	53,761	46,129
Gain on disposal of property, plant and equipment	-	(63)
	221,748	191,128
Changes in non-cash operating working capital and other:		
Accounts receivable	(479)	9,355
Inventories	(675)	(1,602)
Prepaid expenses	(5,137)	(61)
Accounts payable and accrued liabilities	10,027	(961)
Deferred revenue	19,821	-
	23,557	6,731
Income taxes paid	(47,102)	(56,250)
	198,203	141,609
Financing:		
Interest received (paid)	(72)	9
Dividends paid to shareholders	(97,899)	(98,010)
Share repurchases	(10,321)	-
	(108,292)	(98,001)
Investments:		
Property, plant and equipment, net	(77,598)	(19,377)
	(77,598)	(19,377)
Increase in cash and cash equivalents	12,313	24,231
Cash and cash equivalents, beginning of the year	85,639	61,408
Cash and cash equivalents, end of the year	$ 97,952	$ 85,639

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Westshore Terminals Investment Corporation was incorporated under the *Business Corporation Act,* (British Columbia) on September 28, 2010 and is domiciled in Canada. The registered and head office is located at Suite 1800, 1067 West Cordova Street, Vancouver, British Columbia, V6C 1C7. These consolidated financial statements as at and for the year ended December 31, 2015 comprises Westshore Terminals Investment Corporation and its subsidiaries (together referred to as the "Corporation"). The Corporation owns all of the limited partnership units of Westshore Terminals Limited Partnership ("Westshore"), a 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.

2. Basis of preparation:

(a) Statement of compliance:

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 21, 2016.

(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, less provision for impairment. 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.

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 original 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 all revenue other than Coal loading revenue and principally relates to fees earned under take or pay contracts where the coal has not been delivered. Other revenue also includes revenue earned for securing future volumes which is initially deferred and recognized over the term of the contract and 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, 2015, and have not been applied in preparing these consolidated financial statements.

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

IFRS 15 – Revenue from Contracts with Customers

In May 2014, the IASB issued IFRS 15 – *Revenue from Contracts with Customers*, which will supersede 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, 2018.

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.

IFRS 16 – *Leases*

On January 13, 2016 the IASB issued IFRS 16 – *Leases*, which will supersede IAS 17 – *Leases*. The standard introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments The Corporation intends to adopt IFRS 16 in its financial statements for the annual period beginning on January 1, 2019.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

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 an aggregate of $46.6 million from its insurers, the ship's owners and their insurers, with $14.3 million recognized in 2014.

5. Expenses:

Recorded in operating and administrative expenses on the consolidated statements of comprehensive income

	2015	2014
Salaries, wages and benefits	$ 115,880	$ 106,200
Depreciation	10,463	10,549

6. Plant and equipment:

	Buildings and land improvements	Machinery and equipment	Construction in progress	Total
Cost:				
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
Balance at January 1, 2015	41,032	584,825	27,164	653,021
Additions	-	-	80,903	80,903
Transfers	30,332	15,534	(45,866)	-
Balance at December 31, 2015	$ 71,364	$ 600,359	$ 62,201	$ 733,924
Accumulated depreciation:				
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
Balance at January 1, 2015	32,799	429,563	-	462,362
Depreciation	870	9,593	-	10,463
Balance at December 31, 2015	$ 33,669	$ 439,156	$ -	$ 472,825
Carrying amounts:				
At December 31, 2014	$ 8,233	$ 155,262	$ 27,164	$ 190,659
At December 31, 2015	37,695	161,203	62,201	261,099

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

7. Finance costs:

	2015	2014
Interest expense (income), net	$ 72	$ (9)
Employee benefit interest expense, net	3,508	2,911
Unrealized loss on interest rate hedging contracts	91	70
Net finance costs	$ 3,671	$ 2,972

8. Income tax expense:

	2015	2014
Tax expense recognized in profit		
Current income tax expense	$ 54,211	$ 42,447
Deferred tax expense (recovery)	(450)	3,682
	53,761	46,129
Tax recovery recognized directly in equity		
Defined benefit plans	(3,935)	(3,502)

	2015	2014
Reconciliation of effective tax rate:		
Profit before income tax	$ 206,692	$ 176,577
Statutory rate	26.00%	26.00%
Expected income tax expense	53,740	45,910
Permanent differences	36	77
Other	(15)	142
Actual income tax expense	$ 53,761	$ 46,129

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

9. Deferred tax assets and liabilities:

	December 31, 2015	December 31, 2014
Deferred tax assets:		
Non-pension defined benefits liability	$ 20,964	$ 18,394
Post-retirement benefits	4,847	2,322
Financing fees	1	1
Hedging	28	12
Total assets	25,840	20,729
Deferred tax liabilities:		
Property, plant and equipment	(36,846)	(36,121)
Total liabilities	(36,846)	(36,121)
Net deferred income tax liabilities	$ (11,006)	$ (15,392)

10. Share capital:

Authorized:

Unlimited number of common shares, no par value

Issued:

	Common shares	
	2015	2014
73,865,954 (2014 - 74,250,016) issued and outstanding common shares	$ 1,697,444	$ 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.

During the year ended December 31, 2015, the Corporation repurchased 384,062 shares for $10,321,000 under the Corporation's normal course issuer bid.

The Corporation has declared the following dividends in 2015 (2014 - $98,010,000).

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

Record Date	Payment Date	Per Share	Total
March 31	April 15	$ 0.33	$ 24,502
June 30	July 15	0.33	24,502
September 30	October 15	0.33	24,392
December 31	January 15	0.16	11,819
			$ 85,215

11. Profit per share:

Earnings per share:

The calculation of basic profit per share for the year ended December 31, 2015 was based on profit attributable to shareholders and a weighted average number of common shares outstanding.

	2015	2014
Profit for the year	$ 152,931	$ 130,448
Weighted average number of Common shares outstanding	74,128,107	74,250,016
Basic and diluted earnings per share	2.06	1.76

The Company has no dilutive securities.

12. Employee benefits:

	December 31, 2015	December 31, 2014
Present value of unfunded obligations	$ 80,630	$ 70,746
Present value of funded obligations	125,193	112,724
Total present value of obligations	205,823	183,470
Fair value of plan assets	(106,552)	(103,792)
Recognized liability for defined benefit obligations	$ 99,271	$ 79,678

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.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

Plan assets are comprised of the following investments:

	2015	2014
Equity securities	$ 73,168	$ 73,919
Fixed income securities	32,021	28,223
Cash and cash equivalents	1,363	1,650
	$ 106,552	$ 103,792

Asset and Liability Movements:

Movement in the present value of the defined benefit obligations	Pension obligations 2015	Pension obligations 2014	Other post-retirement benefits 2015	Other post-retirement benefits 2014
Defined benefit obligation at January 1	$ 112,724	$ 98,044	$ 70,746	$ 58,272
Benefits paid by the plan	(5,520)	(5,351)	(1,407)	(1,384)
Current and past service costs and interest (see below)	13,669	7,914	5,546	4,766
Actuarial losses in other comprehensive income (see below)	4,320	12,117	5,745	9,092
Defined benefit obligations at December 31	$ 125,193	$ 112,724	$ 80,630	$ 70,746

Movement in the fair value of the defined benefit plan assets	Pension assets 2015	Pension assets 2014	Other post-retirement benefits 2015	Other post-retirement benefits 2014
Fair value of plan assets at January 1	$ 103,792	$ 94,111	$ -	$ -
Contributions paid into the plan	9,345	3,327	1,407	1,384
Benefits paid by the plan	(5,520)	(5,351)	(1,407)	(1,384)
Expected return on plan assets (see below)	4,223	4,185	-	-
Non-investment expense (see below)	(220)	(220)	-	-
Actuarial gains (losses) in other comprehensive income (see below)	(5,068)	7,740	-	-
Fair value of plan assets at December 31	$ 106,552	$ 103,792	$ -	$ -

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

Profit and Loss:

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

Pension obligations expense recognized in profit and loss	2015	2014
Service costs:		
Current service costs	$ 2,275	$ 1,795
Past service costs	6,618	1,713
Non-investment expenses	220	220
	9,113	3,728
Net interest costs		
Interest cost	4,776	4,406
Expected return on plan assets	(4,223)	(4,185)
	553	221
	$ 9,666	$ 3,949

Other post-retirement benefits expense recognized in profit and loss	2015	2014
Current service costs	$ 2,531	$ 2,022
Past service costs	60	54
Interest costs	2,955	2,690
	$ 5,546	$ 4,766

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	2015	2014
Cumulative amount at beginning of year	$ (24,999)	$ (11,530)
Actuarial loss - plan experience	(630)	(1,967)
Actuarial loss - demographic assumption changes	-	(8,955)
Actuarial loss - financial assumption changes	(9,435)	(10,287)
Return on plan assets greater (less) than discount rate	(5,068)	7,740
Cumulative amount at December 31	$ (40,132)	$ (24,999)

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

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, 2015, the Corporation made contributions of $9,345,000 to its pension plan in 2015 and $1,407,000 to its other benefit plan in 2015. The actuarial valuation for funding purposes has not been completed for 2016 but given decreasing long term rates and lower asset returns, the Corporation expects contributions in 2016 to be greater than contributions in 2015.

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

	Most recent valuation date	Date of next required valuation
Union Pension plan	January 1, 2015	January 1, 2016
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):

	2015		2014	
	Pension benefits	Other benefits	Pension benefits	Other benefits
Benefit obligations:				
Discount rate at December 31	3.75%	3.75%	4.00%	4.00%
Rate of increase in future compensation	3.00%	-	3.00%	-
Benefit costs:				
Discount rate at January 1	4.00%	4.00%	4.50%	4.50%
Rate of increase in future compensation	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return on plan assets	4.00%	-	4.50%	-

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%.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

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 2015:

		1% decrease		1% increase
Pension benefit plans				
Discount rate	$	15,505	$	(15,505)
Other post-retirement benefit plans				
Discount rate		11,309		(11,309)
Initial medical cost trend rate		(10,637)		13,144

13. Loans and borrowings:

The Corporation has an operating facility of $15 million, which is used for a $14.8 million letter of credit related to pension funding (see note 16). During the year, the term of this operating facility was extended and now expires on August 29, 2016.

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, 2015. 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 Corporation does not anticipate any problems extending the term of this facility. The revolving credit facility bears interest at the 1 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, 2015, 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 18.

14. Financial instruments:

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

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

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, 2015	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 contracts	$ (139)	$ -	$ (139)	$ -
Foreign exchange contracts	30	-	30	-

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, 2015, being a liability of $139,000 (2014 - $48,000) (measured based on Level 2 of the fair value hierarchy), has been recorded in other liabilities and a loss of $91,000 (2014 - $70,000) has been recognized in net finance costs for the year ended December 31, 2015.

As at December 31, 2015, the Corporation has entered into put options with notional amounts totaling US$12.4 million to exchange US dollars for Canadian dollars with a strike price of $1.4254. The counterparty has call options with notional amounts totaling US$12.4 million to exchange US dollars for Canadian dollars with a strike price of $1.36.

As these foreign exchange contracts have not been designated as hedges, the fair value of these foreign exchange contracts at December 31, 2015, being an asset of $30,000 (measured based on Level 2 of the fair value hierarchy), has been recorded in other assets and a gain of $30,000 has been recognized in foreign exchange gain for the year ended December 31, 2015.

The carrying amounts of these 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.

15. 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 (2014 - $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 (2014 - $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 2015, the Corporation paid $9,290,770 (2014 - $9,992,591) in relation to the higher participation rental fee.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

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

	Terminal Lease	Other	Total
2016	$ 11,701	$ 290	$ 11,991
2017	11,701	-	11,701
2018	11,701	-	11,701
2019	11,701	-	11,701
2020	11,701	-	11,701
Thereafter	70,205	-	70,205

16. Commitments:

The Corporation has provided a letter of credit of $14,845,000 (December 31, 2014: $13,444,000) related to pension funding.

The Corporation has commitments of $200,395,000 with respect to equipment purchases. Of that total commitment, $198,355,000 relates to equipment to be delivered and paid for as part of the Capital Project.

The Corporation also pays an annual participation rental fee based on the volume of coal shipped in excess of 17.6 million tonnes.

17. Major Customers:

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

	2015	2014
Teck Coal Partnership	66%	58%
Other customer A	20%	12%
Other customer B	11%	18%

18. 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.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

(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, 2015 and 2014, 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:

		2015		2014
Cash and cash equivalents	$	97,952	$	85,639
Accounts receivable		9,342		8,863
Other assets - interest rate contracts		30		-
	$	107,324	$	94,502

(b) Liquidity risk:

Liquidity risk is the risk that the Corporation will not be able to meet its obligations as they become 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, 2015.

The Corporation also maintains a $15 million operating facility that is used for pension funding. The Corporation has an outstanding letter of credit for $14,845,000 against this facility.

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, 2015. 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, 2015, the Corporation held US$5.3 million (2014 – US$21.7 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 $53,000 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, 2015 was $17,000 (2014 - $2,676,000).

The Corporation is exposed to foreign currency exchange rate risk on its foreign currency contracts. The value of these financial instruments fluctuates with changes in the US/CAD dollar exchange rate. See note 14 for more information.

(*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 is exposed to interest rate risk on its interest rate swaps. The value of these financial instruments fluctuates with changes in the CDOR rate. See note 14 for more information.

19. 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 had set a dividend rate of $0.33 per share per quarter, which was paid during all of 2013 and 2014. Due to deteriorating market conditions in 2015 coupled with the restructuring of two US thermal coal customer agreements during the year, the board, as of Q4 2015, reduced the dividend to $0.16 per share per quarter. 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.

(Tabular amounts expressed in thousands of Canadian dollars, except unit amounts)

20. Related party transactions:

	2015	2014
Administration agreement		
Westar Management Ltd.	$ 400	$ 345
Management agreement:		
Westar Management Ltd. - base fee	1,250	1,008
Management agreement:		
Westar Management Ltd. - Incentive fee	5,500	4,989
Vehicle leases:		
Affiliate of Westar Management Ltd.	568	632
Director fees:		
Director fees	487	389

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
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.
Vancouver and Toronto

Auditors

KPMG LLP
Vancouver, British Columbia

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Westshore Terminals Ltd.

William W. Stinson
Director & President and Chairman

M. Dallas H. Ross
Director

Glen Clark
Director

Gordon Gibson
Director

Michael J. Korenberg
Director

Doug Souter
Director

Brian A. Canfield

Director

Glenn Dudar
Vice-President & General Manager

Nick Desmarais
Secretary