



**WESTSHORE TERMINALS
INVESTMENT CORPORATION**

ANNUAL REPORT

2023

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 tonnage and share amounts)

	2023	2022
Tonnage (in thousands)	27,728	23,340
Coal loading revenue	\$ 360,392	\$ 282,155
Profit before taxes	\$ 159,730	\$ 91,657
Profit for the year	\$ 116,555	\$ 66,838
Profit for the year per share	\$ 1.86	\$ 1.06
Dividends declared	\$ 87,520	\$ 170,668
Dividends declared per share	\$ 1.40	\$ 2.70
Funds applied to repurchase shares	\$ 7,582	\$ 10,086
Average price paid per repurchased share	\$ 24.09	\$ 23.54
Shares outstanding at December 31	62,514,675	62,829,459
Share Trading Statistics		
High	\$ 33.72	\$ 37.49
Low	\$ 22.45	\$ 21.59
Close	\$ 27.42	\$ 22.43
Annual Volume	21,026,600	34,436,000



Westshore Terminals Investment Corporation

Directors' Letter and Report to Shareholders

Dear Shareholder:

Westshore had solid operational and financial performance in 2023. Total volumes for the year were 27.7 million tonnes compared to 23.3 million tonnes in 2022. Winter weather in 2023 was much less extreme compared to 2022, and 2022 volume was impacted by a labour disruption.

Total 2023 revenues of \$381.0 million compares to 2022 revenues of \$297.0 million reflecting the higher shipped volumes year over year. Profit before taxes of \$159.7 million was up 74% from \$91.7 million in 2022, and after-tax profit per share increased by 76.3%.

In 2023 we negotiated labour agreements with Local 517 and Local 514 of the International Longshore and Warehouse Union (ILWU). These two agreements, in addition to the Local 502 agreement settled in 2022, all have terms expiring January 31, 2028.

In addition to coal operations, our potash project was the primary focus in 2023. The project has progressed well, and most of the major contracts to complete the construction are now in place. Despite challenges from the recent higher than expected inflation economy, we still expect the project to complete close to the original budget. The project remains on schedule, and we expect to commence handling potash sometime in 2026.

The ongoing work at the Terminal relating to the potash project is causing expected physical and operational disruptions, including restricting stockpile space and limiting access to equipment. We are very pleased that, despite these challenges, Westshore was able to handle 27.7 million tonnes of coal, which was all the coal our customers made available.

The Corporation renewed its normal course issuer bid (“NCIB”) effective April 13, 2023 for another year, allowing it to acquire up to 3,559,056 common shares until April 12, 2024. During 2023, 314,784 common shares were purchased for a total of \$7.6 million. In 2022, 428,376 common shares were purchased for a total of \$10.1 million.

The Corporation increased its regular quarterly dividends to shareholders in March 2023, from \$0.30/share to \$0.35/share.

The board of directors have determined to increase the regular quarterly dividend to \$0.375/share and pay a special dividend of \$0.35/share, payable to shareholders on record as of March 31, 2024.

Our annual ESG (Environmental, Social, and Governance) report for 2023 will be available on the Corporation’s website in conjunction with this report.

Based on our current forecast, volumes for 2024 are expected to be approximately 25.5 million tonnes.

For the Board of Directors,

(Signed) “William Stinson”

William Stinson
Chairman of the Board of Directors

Vancouver, B.C.
March 8, 2024



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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, 2023. This discussion and analysis has been based upon the consolidated financial statements prepared in accordance with IFRS Accounting Standards. This discussion and analysis is the responsibility of management of the Corporation. Additional information and disclosure can be found on SEDAR+ at <http://www.sedarplus.ca>. Unless otherwise indicated, the information presented in this Management's Discussion and Analysis (“MD&A”) is stated as at March 8, 2024.

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 <http://www.sedarplus.ca>, 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 regarding Westshore's future revenues and the impacts thereon, including anticipated throughput volumes and loading rates, distribution of throughput by customer, the US/CDN dollar exchange rate, anticipated rail performance, and the impact of construction activity at Westshore; statements regarding Westshore's potash project, including that the project will complete close to the original budget, Westshore will commence handling potash in 2026, the anticipated receipt of formal notification from BHP to initiate Stage 2 construction requirements, BHP commencing additional production in 2029, and Berth 2 continuing to be available for loading coal; thermal coal representing a higher percentage of shipments at least until potash shipments reach higher levels expected in 2030 and beyond; Westshore continuing to meet annual capital requirements without any need for financing except for material capital improvements; anticipated impact of the amended lease on the Corporation's financial statements; the absence of liquidity concerns with respect to the ongoing operations of Westshore; assumptions in connection with critical accounting estimates; and share repurchases.

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, among others: Westshore's dependence on coal shipments, which are in turn affected by 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 and fluctuations in exchange rates; Westshore's ability to renegotiate key customer contracts in the future on favourable terms or at all; global changes in climate change initiatives and environmental regulations and policies; and risks related to the construction and operation of the potash project. See the risk factors outlined in the Annual Information Form referred to above.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

General

Westshore Terminals Investment Corporation (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 unloading/loading terminal at Roberts Bank, British Columbia (the “Terminal”). Westshore’s operating revenues are derived from rates charged for loading coal onto seagoing vessels. Westshore is currently undertaking significant infrastructure additions to the Terminal to allow it to handle potash for BHP Canada Inc., a subsidiary of BHP Group Limited (“BHP”).

Westshore’s results are affected by various factors, including the volume of coal shipped by each customer, and their contracted rate per tonne, as well as Westshore’s operating costs.

This MD&A has been prepared by the Corporation to accompany the financial statements of the Corporation for the financial year ended December 31, 2023.



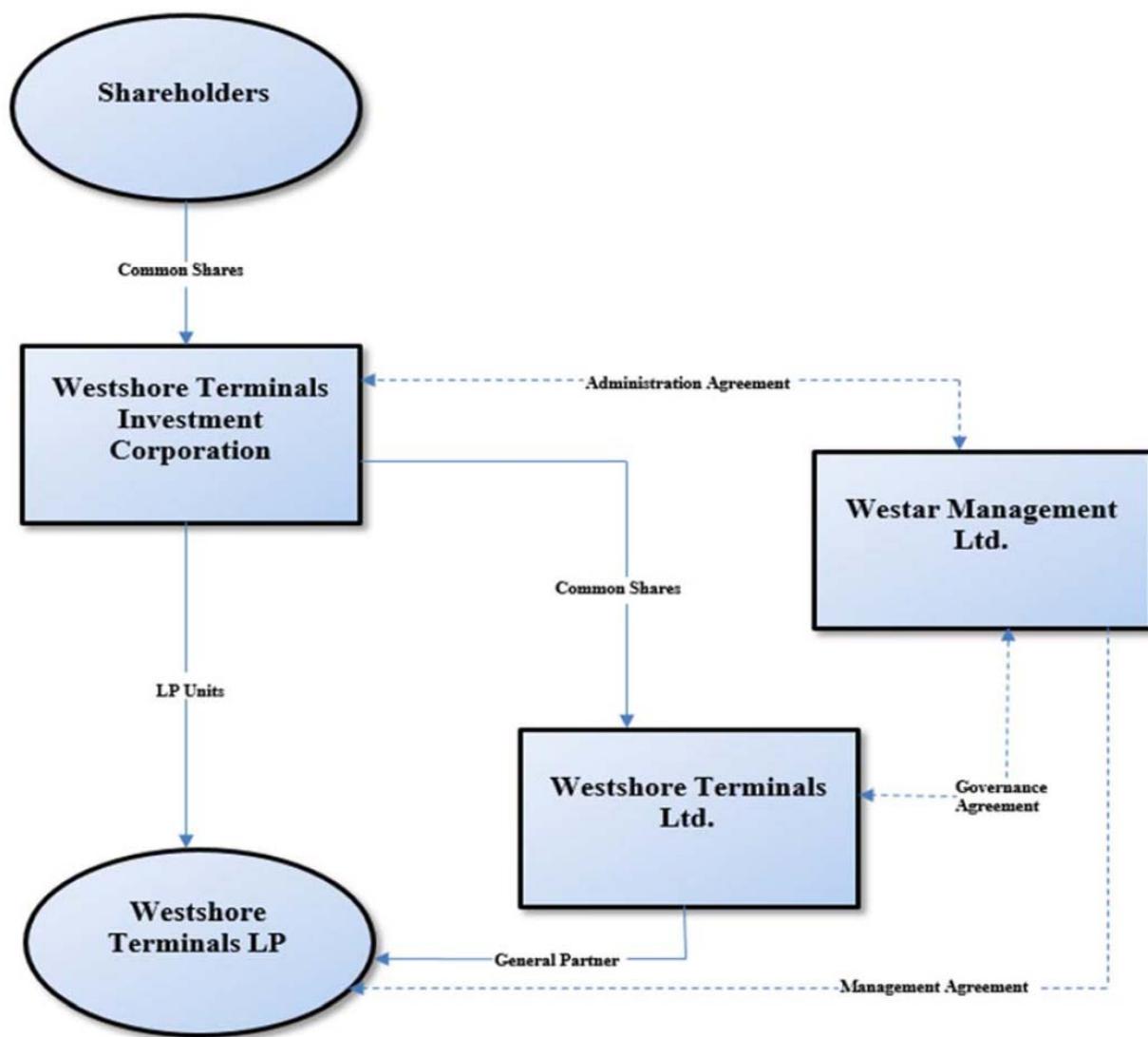
Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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 of Westshore. Westar Management Ltd. (the "Manager") provides management services to Westshore and administrative services to the Corporation and appoints three of the eight directors of the General Partner. Details of these arrangements will be included in the Information Circular for the Corporation's 2024 Annual Meeting.

As of March 8, 2024, the Corporation had issued and outstanding 62,514,675 common shares.





Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Selected Financial Information

The following financial data is derived from the Corporation's audited consolidated financial statements for the years ended December 31, 2023, 2022 and 2021, which were prepared in Canadian dollars using IFRS Accounting Standards.

<i>(In thousands of Canadian dollars except per share amounts and where noted)</i>	2023	2022	2021
	\$	\$	\$
Tonnage (000 tonnes)	27,728	23,340	28,855
Revenue	380,995	296,957	344,119
Profit before taxes	159,730	91,657	147,663
Profit for the year	116,555	66,838	107,813
Profit for the year per share ⁽¹⁾	1.86	1.06	1.70
Dividends declared	87,520	170,668	88,561
Dividends declared per share	1.40	2.70	1.40
Total assets	1,394,639	1,258,799	1,296,852
Total long term liabilities	519,558	467,317	433,051

(1) The weighted average number of Common Shares outstanding for 2023 was 62,536,268, for 2022 was 63,232,185, and for 2021 was 63,261,184.

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

<i>(In thousands of Canadian dollars except per share amounts and where noted)</i>	Three Months Ended			
	Dec 31, 2023	Sep 30, 2023	Jun 30, 2023	Mar 31, 2023
	\$	\$	\$	\$
Tonnage (000 tonnes)	6,733	7,397	6,685	6,913
Revenue	88,693	100,264	93,015	99,023
Profit before taxes	30,546	45,550	38,545	45,089
Profit for the period	22,282	33,240	28,135	32,898
Profit for the period per share	0.36	0.53	0.45	0.53
Dividends declared	21,880	21,880	21,880	21,880
Dividends declared per share	0.35	0.35	0.35	0.35
Shares repurchased (000 shares)	-	-	-	315
Cost of shares repurchased	-	-	-	7,582



Westshore Terminals Investment Corporation

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(In thousands of Canadian dollars except per share amounts and where noted)

	Three Months Ended			
	Dec 31, 2022	Sep 30, 2022	Jun 30, 2022	Mar 31, 2022
	\$	\$	\$	\$
Tonnage (000 tonnes)	4,355	5,443	6,789	6,753
Revenue	56,026	67,949	84,150	88,832
Profit before taxes	1,776	20,493	34,104	35,284
Profit for the period	1,247	14,950	24,898	25,743
Profit for the period per share	0.02	0.24	0.39	0.41
Dividends declared	18,849	18,978	18,977	113,864
Dividends declared per share	0.30	0.30	0.30	1.80
Shares repurchased (000 shares)	428	-	-	-
Cost of shares repurchased	10,086	-	-	-

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 in North America. Westshore receives handling charges from its customers for throughput volume. Westshore does not take title to the coal it handles. Market conditions for both thermal and metallurgical coal affect the competitiveness of Westshore's customers and, therefore, may affect the volume of coal handled by Westshore. Westshore has contracts to ship coal from mines in British Columbia, Alberta and the United States.

Coal is delivered to the Terminal in unit trains operated by Canadian Pacific, Kansas City, BNSF Railway, and Canadian National Railway. The product is unloaded and either directly loaded onto a ship or stockpiled for future ship loading. The loaded ships are destined around the globe to approximately 14 different countries, with the largest volumes being shipped to Japan and South Korea.

Westshore is currently undertaking significant infrastructure additions to the Terminal to allow it to handle potash for BHP. These additions include a new potash dumper, storage building and associated conveying systems. Additionally, certain existing infrastructure at the Terminal will be modified to support handling potash. Once completed, potash will be loaded only at the Terminal's Berth 2, which will continue to be available for loading coal. The construction is expected to continue into 2026, and the handling of potash is expected to commence in the same year. This is a very significant diversification for Westshore to handle another product for the long term.

The Terminal is located on land leased from the Vancouver Fraser Port Authority (the "VFPA"). Subsequent to year end, our lease with VFPA was amended. The term of the amended lease has been extended to December 31, 2051, with Westshore having further options to extend the term to December 31, 2070.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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)

	2023		2022		2021	
	Tonnes	%	Tonnes	%	Tonnes	%
Japan	13,360	48	11,572	50	10,640	37
South Korea	7,331	26	7,588	32	9,196	32
China and Hong Kong	3,650	13	1,045	4	3,767	13
S. America	1,030	4	923	4	1,041	3
Taiwan	865	3	344	1	1,110	4
Europe	770	3	613	3	1,299	4
India	477	2	696	3	1,637	6
Vietnam	222	1	130	1	-	-
Other	23	-	429	2	165	1
Total	27,728	100	23,340	100	28,855	100

During 2023, 64% of Westshore's volume was thermal coal (68% in 2022), 36% was metallurgical coal (31% in 2022) and less than 1% was petroleum coke (1% in 2022). Westshore expects that thermal coal will continue to represent a higher percentage of shipments at least until potash shipments reach higher levels expected in 2030 and beyond.

Westshore operates under term contracts with its customers. In 2023, Westshore shipped product for seven different customers. Current contracts with Westshore's four largest customers, which in 2023 accounted for 92% of Westshore's throughput, have remaining terms of between one and four years.

Westshore has an agreement with BHP (the "BHP Agreement") to provide port services to BHP's Jansen Potash Mine in Saskatchewan (the "Jansen Mine"). Pursuant to the BHP Agreement, Westshore is required to construct the necessary infrastructure at the Terminal to enable it to handle potash, with BHP substantially funding the construction. The BHP Agreement provides for a shipping term commencing in 2026 and running until 2051, which is subject to extension, minimum annual throughput and a fixed loading rate that is indexed annually to changes in the CPI.

Labour

During 2022, Westshore renegotiated the collective agreement with Locals 502 of the International Longshore and Warehouse Union ("ILWU"). During 2023, the collective bargaining agreements for ILWU Locals 514 and 517 were also renegotiated. All agreements in place expire on January 31, 2028.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Results of Operations

<i>(In thousands of Canadian dollars)</i>	Three Months Ended		Years Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
	\$	\$	\$	\$
Revenue:				
Coal loading	85,495	53,099	360,392	282,155
Other	3,198	2,927	20,603	14,802
	<u>88,693</u>	<u>56,026</u>	<u>380,995</u>	<u>296,957</u>
Expenses:				
Operating	54,253	50,638	201,368	182,909
Administrative	3,649	1,584	17,283	12,700
	<u>57,902</u>	<u>52,222</u>	<u>218,651</u>	<u>195,609</u>
Other:				
Foreign exchange gain (loss)	671	(304)	1,697	(1,375)
Gain (loss) on disposal of property, plant and equipment	-	-	(9)	357
Net finance costs	(916)	(1,724)	(4,302)	(8,673)
Profit before income tax	30,546	1,776	159,730	91,657
Income tax expense	8,264	529	43,175	24,819
Profit for the period	22,282	1,247	116,555	66,838
Other comprehensive income (loss), net of income tax	(10,941)	8,706	(4,605)	38,151
Total comprehensive income for the period	11,341	9,953	111,950	104,989

Quarterly analysis

Tonnage shipped for Q4 2023 was 6.7 million tonnes compared to 4.4 million tonnes for the same period in 2022. Of the tonnes shipped in Q4 2023, 64% was thermal coal and 36% was metallurgical coal, compared to 71% and 29% respectively for the same period in the prior year. Volumes were up 54.6% for the quarter (year over year) primarily due to 2022 tonnage being lower than normal due to a labour disruption and extreme winter weather conditions in December 2022.

Coal loading revenue increased by 61.0% to \$85.5 million for Q4 2023 compared to \$53.1 million for the same period in 2022. The average loading rate in Q4 2023 was \$12.70 per tonne compared to \$12.19 per tonne through the same period in 2022. The increased average loading rate in Q4 2023 reflects escalation of loading rates as well as foreign exchange effects as some customers pay in U.S. dollars.

Operating and administrative expenses increased by 10.9% to \$57.9 million for Q4 2023 compared to \$52.2 million for the same period in 2022, due to inflation, higher wage costs, timing of maintenance activities and higher throughput.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Net finance costs decreased to \$0.9 million in Q4 2023 from \$1.7 million during the same period of 2022. The decrease is due to more interest income earned on cash due to the higher interest rate environment. The net interest cost components of the employee benefit plan expense and the right-of-use capital lease interest costs are also recorded in net finance costs.

Income tax expense increased to \$8.3 million in Q4 2023 from \$0.5 million in Q4 2022 due to higher profits before taxes.

Profit in the quarter increased to \$22.3 million in Q4 2023 from \$1.2 million during the same period of 2022, primarily as a result of higher volumes.

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).

After-tax other comprehensive income (loss) for the fourth quarter decreased to a loss of \$10.9 million in 2023 from an income of \$8.7 million in 2022. The change in the fourth quarter of 2023 was primarily caused by a 1.0% decrease in the discount rate which increased the post-retirement obligations, which was partially offset by plan assets performing better than actuarial expectations. The change in the fourth quarter of 2022 was caused by the incorporation of financial assumption changes from the latest valuation of the post retirement benefits and a 0.25% increase to the discount rate.

Full year analysis

Tonnage shipped in 2023 was 27.7 million tonnes compared to 23.3 million tonnes in 2022, up 18.8% year over year. Of the tonnes shipped in 2023, 64% was thermal coal, 36% was metallurgical coal and less than 1% was petroleum coke, compared to 68%, 31% and 1% respectively for 2022.

Coal loading revenue increased by 27.7% to \$360.4 million in 2023 from \$282.2 million in 2022. The average loading rate for 2023 was \$13.00 per tonne compared to \$12.09 per tonne for 2022. The increased average loading rate in 2023 reflects escalation of loading rates as well as foreign exchange effects as some customers pay in U.S. dollars.

Other revenue of \$20.6 million consisted of \$7.8 million on account of train and vessel operations, \$6.4 million for wharfage fees and the remainder primarily being customer shortfall payments. Other revenue for 2022 of \$14.8 million consisted of \$5.0 million on account of train and vessel operations, \$5.6 million for wharfage fees and the remainder primarily being customer shortfall payments.

Operating and administrative expenses increased by 11.8% to \$218.7 million compared to \$195.6 million for the same period in 2022, driven by higher labour and external costs and higher throughput. The ongoing work at the Terminal relating to the potash project is causing expected physical and operational disruptions which have resulted in higher operating costs, including increased labour costs in 2023 from working all of the statutory holidays, including Christmas Day.

Foreign exchange gain of \$1.7 million in 2023 increased from a loss of \$1.4 million in the same period of 2022. 2023 included a \$1.8 million unrealized gain on the mark to market of foreign exchange hedging contracts compared to a \$0.7 million unrealized loss in 2022.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Net finance costs decreased to \$4.3 million in 2023 from \$8.7 million in 2022. The decrease is primarily due to more interest income earned on cash due to the higher interest rate environment. The net interest cost components of the employee benefit plan expense and the right-of-use capital lease interest costs are also recorded in net finance costs.

Income tax expense increased to \$43.2 million in 2023 from \$24.8 million in 2022 due to higher profits before taxes.

Profit increased to \$116.6 million in 2023 from \$66.8 million in 2022, primarily as a result of higher revenues, partially offset by higher operating and administrative costs, both as discussed above. On a per share basis this is an increase of 76.3% at \$1.86 in 2023 compared to \$1.06 in 2022.

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).

After tax other comprehensive income (loss) decreased to a loss of \$4.6 million in 2023 from an income of \$38.2 million in 2022. The change in the year ended December 31, 2023, was primarily caused by a 0.5% decrease in the discount rate which increased the post-retirement obligations, which was partially offset by plan assets performing better than actuarial expectations. The change in the year ended December 31, 2022, was caused by a 2.25% increase in the discount rate which decreased the post-retirement obligations, which was partially offset by plan assets performing below actuarial expectations.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Cash Flows

Cash flows from operations are available to the Corporation to fund capital and other expenditures, establish reserves and pay dividends to and repurchase shares from shareholders.

(In thousands of Canadian dollars)

	Year Ended	
	December 31, 2023	December 31, 2022
	\$	\$
Operating cash flows before working capital changes, lease obligation		
interest and income tax payments	198,798	139,300
Working capital changes	(31,051)	2,592
Long term receivable	(2,634)	(2,695)
Lease obligation interest paid	(8,911)	(8,953)
Long term deferred revenue	52,670	53,905
Income tax paid	(19,281)	(40,001)
Cash flow provided by operations	189,591	144,148
Cash flows used in financing activities	(88,272)	(177,643)
Cash flows used in investing activities	(91,640)	(54,928)
Increase (decrease) in cash and cash equivalents	9,679	(88,423)

Operating cash flows before changes in working capital, long term receivable, lease obligation interest payments, long term deferred revenue and income tax payments increased by 43% to \$198.8 million in 2023 from \$139.3 million in 2022. Working capital changes resulted in a \$31.1 million outflow in 2023 compared to a \$2.6 million inflow in 2022, primarily due to changes in accounts receivables, accounts payable and deferred revenue which fluctuate depending on the timing of receipts and payments. \$50.0 million was received in the year from BHP for the potash project (2022 - \$51.2 million). Income tax payments decreased to \$19.3 million in 2023 from \$40.0 million in 2022 due to the timing of tax payments. As a result of these changes, cash flow from operations increased to \$189.6 million in 2023 from \$144.1 million in 2022.

Cash flows used in financing activities decreased to \$88.3 million in 2023 from \$177.6 million in 2022, primarily due to the \$94.9 million special dividend paid in 2022. Regular dividends paid to shareholders increased year over year by \$11.8 million. During 2023, the Corporation purchased under its NCIB 314,784 shares for approximately \$7.6 million. For the year ended December 31, 2022, 428,376 shares were purchased for approximately \$10.1 million.

Cash flows used in investing activities increased to \$91.6 million in 2023 from \$54.9 million in 2022 primarily because of an increase in capital expenditures. Of that \$91.6 million, \$83.6 million was related to the potash project. At the end of the year, \$49.9 million had been incurred in capital expenditures but was not yet paid for.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

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. Pursuant to the BHP Agreement, BHP is required to substantially fund the potash infrastructure additions Westshore is undertaking, subject to a 5% holdback on each periodic payment, which is reflected in the balance sheet as a "long term receivable" (\$5.3 million as at December 31, 2023). As a result, the Corporation does not anticipate any liquidity concerns with the ongoing operations of Westshore.

Westshore has a \$40 million operating facility that is used for a letter of credit related to pension funding and day to day operational liquidity. The facility matures on August 31, 2025 and is secured by a pledge of all the assets of Westshore. The operating facility bears interest at the 1-month BA rate plus a margin and no repayments will be required until maturity. There is an outstanding letter of credit of \$11.4 million (December 31, 2022 - \$17.9 million) under this facility which is the only amount drawn on the facility at year end.

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 \$2.4 million in 2023 (2022 - \$5.4 million), which was comprised of nil (2022 - \$3.1 million) for contributions to the pension plans as these plans are currently in a surplus position and \$2.4 million (2022 - \$2.3 million) for payments for other post-retirement benefits.

The statement of financial position as of December 31, 2023, reflects a net defined benefit pension asset of \$28.3 million (December 31, 2022 - \$34.6 million) and \$69.7 million (December 31, 2022 - \$61.9 million) of other post-retirement benefit obligations. The change in 2023 was primarily caused by a decrease in the discount rate of 0.5% since December 31, 2022 partially offset by stronger plan asset performance. This net obligation amount will decline in the future if long term interest rates increase and will increase if such rates fall.

Future undiscounted minimum payments under Westshore's material lease obligations are as follows:

<i>(In thousands of Canadian dollars)</i>	December 31, 2023
Less than 1 year	\$ 11,914
Between 1 and 5 years	47,769
More than 5 years	452,709
	\$ 512,392

Subsequent to year end, our lease with VFPA was amended, with retroactive effect as of January 1, 2023. The Corporation's audited consolidated financial statements for the years ended December 31, 2023 and 2022 reflect the financial terms of the now prior lease, which was still in force on December 31, 2023. The financial effects of the amended lease will be reflected prospectively in the Corporation's consolidated financial statements for the three months ending March 31, 2024 and it is expected that there will be a largely off-setting increase in each of the right-of-use asset and the lease obligation. Under the amended lease, annual rent is comprised of two fixed amounts, basic rent and ancillary rent. The basic rent is fixed until December 31, 2026, and may be revised by VFPA at that time and every three years thereafter. If VFPA increases the basic rent at any such time, Westshore has the right to seek a review of the revised amount. The ancillary rent will escalate annually. Unlike the old lease, the amended lease does not provide for an annual participation rental fee based on the volume of coal shipped.



Westshore Terminals Investment Corporation

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Westshore is well advanced on the construction of the potash project, and contracts are in place with vendors for a significant portion of the overall construction. Pursuant to the BHP Agreement, BHP is required to substantially fund the project. As at December 31, 2023, Westshore has commitments related to this project of \$201.7 million that have not yet been accrued for.

Westshore does not have any material other long-term obligations.

Distributions

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

<i>(In thousands of Canadian dollars except per share amounts)</i>	2023		2022	
	\$	Per share	\$	Per share
Quarter 1	21,880	0.35	18,977	0.30
Special Dividend declared in Q1	-	-	94,887	1.50
Quarter 2	21,880	0.35	18,977	0.30
Quarter 3	21,880	0.35	18,978	0.30
Quarter 4	21,880	0.35	18,849	0.30
Total Dividends on Common Shares	87,520	1.40	170,668	2.70

The dividend is subject to periodic review based on factors including operating performance, current and anticipated market conditions, funds applied to repurchase shares, other opportunities that may come before Westshore, and other potential capital upgrade projects. In circumstances where the price of the Corporation's shares makes share repurchases advantageous to the Corporation, a portion of excess cash from operations may be used to repurchase common shares.

Following a review by the board of directors on March 8, 2024, the board determined to increase the quarterly dividend from \$0.35 per share to \$0.375 per share (\$1.50 annually) payable on or before April 15, 2024 to shareholders at the close of business on March 31, 2024.

Following a review by the board of directors on March 8, 2024, the board determined to declare a special dividend of \$0.35 per share payable on or before April 15, 2024 to shareholders at the close of business on March 31, 2024.

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.

The variance in revenues from 2023 will ultimately be impacted by numerous factors, including total volumes shipped through the Terminal, the distribution of throughput by customer and the US/CDN dollar exchange rate.

Based on the most recent information provided by Westshore's customers, performance year to date, anticipated rail performance, and construction activity onsite, 2024 throughput volumes are anticipated to be approximately 25.5 million tonnes at an average loading charge of approximately \$13.40 per tonne, for the full year. The average loading rate for the period reflects the customer mix and US/CDN exchange rate.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Westshore's potash project is progressing well, and most of the major contracts to complete the construction are now in place. Despite challenges from the recent higher than expected inflation economy, we still expect the project to complete close to the original budget. The project remains on schedule, construction is expected to continue into 2026, and the handling of potash is expected to commence in the same year.

In 2023, BHP announced that it approved Jansen Stage 2, an additional investment in the Jansen Mine to increase its production capacity to approximately 8.5 million tonnes per annum, with the first production of Jansen Stage 2 expected to commence in 2029. Westshore anticipates receiving formal notification from BHP to initiate Stage 2 construction requirements once certain milestones of the current project are met. The diversification to handling substantial volumes of a second commodity is transformational for our business and will provide an additional revenue stream once shipment of potash commences.

Related Party Transactions

The Manager provides management services to Westshore pursuant to a management agreement between Westshore and the Manager (the "Management Agreement"). Westshore pays an annual management fee to the Manager and an incentive fee based on a percentage of annual profit above \$42 million, subject to a cap of \$7.5 million per annum. The annual base management fee for 2023 was \$1,845,000 (2022 - \$1,791,000) which will escalate at 3% annually. The incentive fee for the year ended December 31, 2023 was \$4,743,000 and was paid subsequent to December 31, 2023 (2022 - \$1,115,000 paid in 2023).

The Manager also provides administration services to the Corporation pursuant to an administration agreement and appoints three of the eight directors of the General Partner pursuant to a governance agreement. The Corporation pays an annual administration fee in monthly installments. The fee paid to the Manager for 2023 was \$615,000 (2022 - \$597,000), which will increase by 3% per annum.

Affiliates of the Manager also provides insurance and vehicle related services to Westshore.

Additional details on related party transactions are contained in note 21 to the Corporation's financial statements.

Changes in Accounting Policies

The Corporation's accounting policies are found in note 3 of the Corporation's financial statements. There were no significant changes in accounting policies in 2023.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

Critical Accounting Estimates

The preparation of financial statements and related disclosures in accordance with IFRS Accounting Standards 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.

Property, plant and equipment: Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Depreciation is calculated using the straight line method over the estimated useful production life of the assets. The estimated useful lives of property, plant and equipment range from 3 to 35 years and are reviewed annually. A change in the estimated useful lives of property, 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.

Lease Obligation

The lease obligation is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using Westshore's incremental borrowing rate. The lease liability is measured at amortized cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Westshore's estimate of the amount expected to be payable under a residual value guarantee or if Westshore changes its assessment of whether it will exercise a purchase, extension or termination option. Any change in the incremental borrowing rate of Westshore could have a material impact on future lease obligations.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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.

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 Accounting Standards.

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, 2023. 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, 2023 that have materially affected the Corporation's internal controls over financial reporting or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

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

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



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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, 2023 and have concluded that such disclosure controls and procedures provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in such legislation.

Additional information relating to the Corporation and Westshore, including the Corporation’s annual information form, is available at <http://www.sedarplus.ca>.

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 IFRS Accounting 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.



Westshore Terminals Investment Corporation

Management's Discussion & Analysis of Financial Condition and Results of Operations

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

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

		December 31, 2023	December 31, 2022
Assets			
Current assets:			
Cash and cash equivalents		\$ 164,747	\$ 155,068
Accounts receivable		41,821	8,786
Inventories		18,523	17,625
Prepaid expenses		2,632	2,503
Other assets	14	1,083	-
<u>Income tax recoverable</u>		-	11,562
		228,806	195,544
Property, plant and equipment:	5		
At cost		845,096	709,919
<u>Accumulated depreciation</u>		(343,229)	(320,444)
		501,867	389,475
Long term receivable	15	5,329	2,695
Right-of-use assets	16	256,337	262,165
Goodwill		365,541	365,541
Other intangible assets	6	8,473	8,775
<u>Employee future benefits</u>	12	28,286	34,604
		\$ 1,394,639	\$ 1,258,799
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities	21	\$ 103,079	\$ 45,052
Income tax payable		16,033	-
Deferred revenue		1,511	11,367
Other liabilities	14	-	673
Lease obligation current portion	16	3,024	2,835
<u>Dividends payable to shareholders</u>	10	21,880	18,849
		145,527	78,776
Long term deferred revenue	15	128,075	75,405
Deferred income taxes	9	46,916	52,320
Employee future benefits	12	69,701	61,852
<u>Lease obligation</u>	16	274,866	277,740
		665,085	546,093
Shareholders' equity:			
Share capital	10	1,436,587	1,443,821
<u>Deficit</u>		(707,033)	(731,115)
		729,554	712,706
		\$ 1,394,639	\$ 1,258,799

Commitments and contingencies (note 17)

Subsequent events (note 16)

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board:

(Signed) "William W. Stinson"

William W. Stinson
Director

(Signed) "M. Dallas H. Ross"

M. Dallas H. Ross
Director

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

Years ended December 31, 2023 and 2022

	Note	2023	2022
Revenue:			
Coal loading		\$ 360,392	\$ 282,155
Other		20,603	14,802
		380,995	296,957
Expenses:	4		
Operating		201,368	182,909
Administrative		17,283	12,700
		218,651	195,609
Other:			
Foreign exchange gain (loss)		1,697	(1,375)
Gain (loss) on disposal of property, plant and equipment		(9)	357
Net finance costs	7	(4,302)	(8,673)
Profit before income tax		159,730	91,657
Income tax expense	8	43,175	24,819
Profit for the year		116,555	66,838
Other comprehensive income (loss):			
Items that will not be recycled to net income:			
Defined benefit plan actuarial gains (losses)	12	(6,308)	52,261
Income tax recovery (expense) on other comprehensive income (loss)	8	1,703	(14,110)
Other comprehensive income (loss) for the year, net of income tax		(4,605)	38,151
Total comprehensive income for the year		\$ 111,950	\$ 104,989
Profit per share:			
Basic and diluted earnings per share	11	\$ 1.86	\$ 1.06
Weighted average number of shares outstanding		62,536,268	63,232,185

See accompanying notes to the consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

Years ended December 31, 2023 and 2022

	Share capital	Deficit	Total
Balance at January 1, 2022	\$ 1,453,665	\$ (665,194)	\$ 788,471
Profit for the year	-	66,838	66,838
Other comprehensive income:			
Defined benefit plan actuarial gains, net of tax	-	38,151	38,151
Total comprehensive income for the year	-	104,989	104,989
Distributions to shareholders of the Corporation:			
Dividends declared to shareholders	-	(170,668)	(170,668)
Adjustments due to share repurchases	(9,844)	(242)	(10,086)
Balance at December 31, 2022	\$ 1,443,821	\$ (731,115)	\$ 712,706
	Share capital	Deficit	Total
Balance as at January 1, 2023	\$ 1,443,821	\$ (731,115)	\$ 712,706
Profit for the year	-	116,555	116,555
Other comprehensive loss:			
Defined benefit plan actuarial losses, net of tax	-	(4,605)	(4,605)
Total comprehensive income for the year	-	111,950	111,950
Distributions to shareholders of the Corporation:			
Dividends declared to shareholders	-	(87,520)	(87,520)
Adjustments due to share repurchases	(7,234)	(348)	(7,582)
Balance at December 31, 2023	\$ 1,436,587	\$ (707,033)	\$ 729,554

See accompanying notes to the consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Consolidated Statements of Cash Flows

(Expressed in thousands of Canadian dollars)

Years ended December 31, 2023 and 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Profit for the year	\$ 116,555	\$ 66,838
Adjustments for:		
Foreign exchange contracts	(1,756)	724
Depreciation and amortization	30,529	30,223
Employee future benefits	5,984	8,380
Net finance costs	4,302	8,673
Income tax expense	43,175	24,819
Loss (gain) on disposal of property, plant and equipment	9	(357)
	198,798	139,300
Changes in non-cash operating working capital and other:		
Accounts receivable	(33,035)	5,940
Inventories	(898)	184
Prepaid expenses	(129)	(564)
Accounts payable and accrued liabilities	12,867	(2,134)
Deferred revenue	(9,856)	(834)
	(31,051)	2,592
Long term receivable	(2,634)	(2,695)
Lease obligation interest paid	(8,911)	(8,953)
Long term deferred revenue	52,670	53,905
Income taxes paid	(19,281)	(40,001)
	189,591	144,148
Financing:		
Interest received	6,484	2,824
Dividends paid to shareholders	(84,489)	(167,633)
Share purchases	(7,582)	(10,086)
Lease obligation	(2,685)	(2,748)
	(88,272)	(177,643)
Investments:		
Property, plant and equipment, net	(91,056)	(53,807)
Other intangible assets	(584)	(1,121)
	(91,640)	(54,928)
Increase (decrease) in cash and cash equivalents	9,679	(88,423)
Cash and cash equivalents, beginning of the year	155,068	243,491
Cash and cash equivalents, end of the year	\$ 164,747	\$ 155,068
Supplemental information:		
Non-cash transactions:		
Capital expenditures unpaid at year end	\$ 49,893	\$ 4,733

See accompanying notes to the consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

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, 2023 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 IFRS Accounting Standards.

The consolidated financial statements were authorized for issue by the Board of Directors on March 8, 2024.

(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:

- derivative financial instruments are measured at fair value;
- the defined benefit obligation is recognized as the present value of the defined benefit obligation, less plan assets at fair value; and
- lease obligations are measured at amortized cost using the effective interest rate method.

(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 have been rounded to the nearest thousand.

(d) Use of estimates and judgments:

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards 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.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

Assumptions, judgments and estimation uncertainties that have a significant risk of resulting in a material adjustment relate to the determination of the useful lives of plant and equipment, decommissioning liabilities, measurement of lease obligations, valuation of goodwill and the measurement of defined benefit obligations.

3. Material accounting policies:

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

(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 instruments comprise cash and cash equivalents, accounts receivable, derivative instruments and accounts payable and accrued liabilities. The Corporation uses derivative financial instruments in the normal course of its operations as a means to manage its foreign exchange risk. The Corporation's policy is not to utilize derivative financial instruments for trading or speculative purposes. The Corporation's derivative financial instruments are not designated as hedges for accounting purposes.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

The Corporation's financial instruments are classified and measured as follows:

Financial Assets

Cash and cash equivalents	Amortized cost
Accounts receivable, including long term receivable	Amortized cost
Derivative instruments	FVTPL

Financial Liabilities

Accounts payable and accrued liabilities	Amortized cost
Derivative instruments	FVTPL

Classification and measurement of financial assets

Financial assets are classified as: measured at amortized cost; fair value through other comprehensive income ("FVOCI"); or fair value through profit and loss ("FVTPL") based on the business model in which a financial asset is managed and its contractual cash flow characteristics and when certain conditions are met:

- Amortized cost – measured at amortized cost using the effective interest rate method. Where applicable, amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in net income.
- FVOCI – measured at FVOCI if not designated as FVTPL. Interest income, foreign exchange gains and losses and impairment are recognized in net income. Other net gains and losses are recognized in other comprehensive income ("OCI"). On derecognition, gains and losses accumulated in OCI are reclassified to net income.
- FVTPL – measured at FVTPL if not classified as amortized cost or FVOCI with net gains and losses, including any interest or dividend income, recognized in net income.

Equity investments are required to be classified as measured at fair value. However, on initial recognition of an equity investment that is not held-for-trading, the Corporation may irrevocably elect to present subsequent changes in the investments fair value in OCI. This election is made on an investment by investment basis. The Corporation does not have any equity investments.

Classification and measurement of financial liabilities

Financial liabilities are classified as either measured at amortized cost or FVTPL. A financial liability is classified as FVTPL if it is held-for-trading, a derivative or it is designated as such on initial recognition.

Financial liabilities at FVTPL are measured at fair value with net gains and losses, including interest expense, recognized in net income. Other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognized in net income. Any gains or losses on derecognition are also recognized in net income.

(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.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

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 lives for the current and comparative periods are as follows:

Asset	Term
Automobiles	3 years
Conveyor belts	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.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

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.

The Corporation applies the simplified approach in determining expected credit losses (“ECLs”), which requires a probability-weighted estimate of expected lifetime credit losses to be recognized upon initial recognition of financial assets measured at amortized cost, contract assets and debt investments at FVOCI. Credit losses are measured as the present value of cash shortfalls from all possible default events, discounted at the effective interest rate of the financial asset. Loss allowances for financial assets at amortized cost are deducted from the gross carrying amount of the assets.

(f) Goodwill and other intangible assets:

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.

Computer software are carried at cost less accumulated amortization. Amortization is calculated to write off the cost of computer software less their estimated residual values using straight-line method over their estimated useful lives, and is generally recognized in profit and loss. The estimated useful lives of computer software range from 3 to 5 years. Amortization methods, useful lives, and residual values are reviewed at each financial year end and adjusted if appropriate.

WESTSHORE TERMINALS INVESTMENT CORPORATION

Notes to the Consolidated Financial Statements

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

Years ended December 31, 2023 and 2022

(g) Leases

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition of a lease in IFRS 16.

As a lessee:

At commencement or on modification of a contract that contains a lease component, the Corporation allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Corporation has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. Generally, the Corporation uses its incremental borrowing rate as the discount rate.

The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Corporation is reasonably certain to exercise, lease payments in an optional renewal period if the Corporation is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Corporation is reasonably certain not to terminate early.

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The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Corporation presents right-of-use assets that do not meet the definition of investment property in 'right-of-use asset' and lease liabilities in 'lease obligation' in the statement of financial position.

Short-term leases and leases of low-value assets

The Corporation has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment and vehicles. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) 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.

(i) 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.

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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.

(j) Revenue:

Coal loading revenue is recognized when a customer's coal is loaded onto a ship. 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 payments made by customers on account of train and vessel operations and wharfage fees which are recovered from customers. Other revenues also includes fees earned under take or pay contracts where the coal has not been delivered.

(k) Provisions:

Decommissioning liabilities

The Corporation's terminal site is leased from the Vancouver Fraser Port Authority (the "VFPA"). The current lease agreement became effective as of January 1, 2015 and runs until December 31, 2026.

Subsequent to year end, the lease with VFPA was amended which extended the term to December 31, 2051, with the Corporation having further options to extend the term to December 31, 2070 (note 16). 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.

(l) 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.

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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.

(m) Comparative information

Certain of the information presented for comparative purposes have been reclassified to conform to the financial statement presentation adopted for the current year. These reclassifications had no effect on the reported results of operations or equity.

4. Expenses:

Recorded in operating and administrative expenses on the consolidated statements of comprehensive income were the following amounts:

	2023	2022
Salaries, wages and benefits	\$ 105,517	\$ 99,692
Depreciation and amortization	30,529	30,223
Other	82,605	65,694
	\$ 218,651	\$ 195,609

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5. Property, plant and equipment:

	Buildings and land improvements	Machinery and equipment	Construction in progress	Total
Cost:				
Balance at January 1, 2022	\$ 82,768	\$ 546,057	\$ 26,049	\$ 654,874
Additions	-	-	56,782	56,782
Transfers	-	3,621	(3,621)	-
Disposals	-	(1,737)	-	(1,737)
Balance at December 31, 2022	82,768	547,941	79,210	709,919
Balance at January 1, 2023	82,768	547,941	79,210	709,919
Additions	-	9,425	126,715	136,140
Disposals	-	(963)	-	(963)
Balance at December 31, 2023	\$ 82,768	\$ 556,403	\$ 205,925	\$ 845,096
Accumulated depreciation:				
Balance at January 1, 2022	\$ 40,376	\$ 258,366	\$ -	\$ 298,742
Depreciation	1,734	21,705	-	23,439
Disposals	-	(1,737)	-	(1,737)
Balance at December 31, 2022	42,110	278,334	-	320,444
Balance at January 1, 2023	42,110	278,334	-	320,444
Depreciation	1,723	21,934	-	23,657
Disposals	-	(872)	-	(872)
Balance at December 31, 2023	\$ 43,833	\$ 299,396	\$ -	\$ 343,229
Carrying amounts:				
At December 31, 2022	\$ 40,658	\$ 269,607	\$ 79,210	\$ 389,475
At December 31, 2023	38,935	257,007	205,925	501,867

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6. Other intangible assets:

	Computer software	Construction in progress	Total
Cost:			
Balance at January 1, 2022	\$ 11,481	\$ 526	\$ 12,007
Additions	-	1,121	1,121
Transfers	1,412	(1,412)	-
Balance at December 31, 2022	12,893	235	13,128
Balance at January 1, 2023	12,893	235	13,128
Additions	-	584	584
Balance at December 31, 2023	\$ 12,893	\$ 819	\$ 13,712
Accumulated amortization:			
Balance at January 1, 2022	\$ 3,528	\$ -	\$ 3,528
Depreciation	825	-	825
Balance at December 31, 2022	4,353	-	4,353
Balance at January 1, 2023	4,353	-	4,353
Depreciation	886	-	886
Balance at December 31, 2023	\$ 5,239	\$ -	\$ 5,239
Carrying amounts:			
At December 31, 2022	\$ 8,540	\$ 235	\$ 8,775
At December 31, 2023	7,654	819	8,473

7. Net finance costs:

	2023	2022
Interest income, net	\$ (6,484)	\$ (2,824)
Employee benefit interest expense, net	1,875	2,544
Capital lease interest	8,911	8,953
Net finance costs	\$ 4,302	\$ 8,673

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8. Income tax expense:

	2023	2022
Tax expense recognized in profit		
Current income tax expense	\$ 46,876	\$ 28,864
Deferred tax recovery	(3,701)	(4,045)
	43,175	24,819

Tax expense (recovery) recognized in other comprehensive income

	\$ (1,703)	\$ 14,110
Defined benefit plans		

	2023	2022
Reconciliation of effective tax rate:		
Profit before income tax	\$ 159,730	\$ 91,657
Statutory rate	27.00%	27.00%
Expected income tax expense	43,127	24,747
Permanent differences	49	35
Other	(1)	36
Actual income tax expense	\$ 43,175	\$ 24,819

9. Deferred tax assets and liabilities:

	December 31, 2023	December 31, 2022
Deferred tax assets:		
Non-pension defined benefits liability	\$ 18,819	\$ 16,700
Financing fees	-	3
Foreign exchange contracts	-	182
Lease obligation	75,031	75,755
Long term deferred revenue	28,775	14,554
Total assets	122,625	107,194
Deferred tax liabilities:		
Property, plant, and equipment	(92,400)	(79,386)
Post-retirement benefits	(7,637)	(9,343)
Foreign exchange contracts	(293)	-
Right-of-use assets	(69,211)	(70,785)
Total liabilities	(169,541)	(159,514)
Net deferred income tax liabilities	\$ (46,916)	\$ (52,320)

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10. Share capital:

Authorized:

Unlimited number of common shares, no par value

Issued:

	Common shares	
	2023	2022
62,514,675 (2022 - 62,829,459) issued and outstanding common shares	\$ 1,436,587	\$ 1,443,821

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, 2023, the Corporation repurchased 314,784 (2022 - 428,376) shares for \$7,582,000 (2022 - \$10,086,000), under the Corporation's normal course issuer bid.

The Corporation has declared the following dividends in 2023 (2022 - \$170,668,000).

Record Date	Payment Date	Per Share	Total
March 31, 2023	April 15, 2023	\$ 0.35	\$ 21,880
June 30, 2023	July 15, 2023	0.35	21,880
September 30, 2023	October 15, 2023	0.35	21,880
December 31, 2023	January 15, 2024	0.35	21,880
			\$ 87,520

11. Profit per share:

Earnings per share:

The calculation of basic profit per share for the year ended December 31, 2023 was based on profit attributable to shareholders and a weighted average number of common shares outstanding.

	2023	2022
Profit for the year	\$ 116,555	\$ 66,838
Weighted average number of Common shares outstanding	62,536,268	63,232,185
Basic and diluted earnings per share	\$ 1.86	\$ 1.06

The Corporation has no dilutive securities.

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12. Employee future benefits:

The Corporation makes contributions to one non-contributory defined benefit plan and one non-contributory defined contribution plan 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.

	December 31, 2023	December 31, 2022
Fair value of plan assets	\$ 160,687	\$ 155,866
Defined benefit pension obligations	(132,401)	(121,262)
Defined benefit pension asset	28,286	34,604
Other post-retirement benefit obligations	\$ (69,701)	\$ (61,852)

Plan assets are comprised of the following investments:

	December 31, 2023	December 31, 2022
Equity securities	\$ 73,756	\$ 70,451
Fixed income securities	28,602	28,835
Alternatives	56,883	56,268
Cash and cash equivalents	1,446	312
	\$ 160,687	\$ 155,866

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Asset and Liability Movements:

Movement in the present value of the defined benefit obligations	Pension obligations		Other post-retirement benefits	
	December 31,		December 31,	
	2023	2022	2023	2022
Defined benefit obligation at January 1	\$ 121,262	\$ 148,800	\$ 61,852	\$ 88,721
Benefits paid by the plan	(7,225)	(6,568)	(2,422)	(2,321)
Current and past service costs and interest (see below)	12,704	13,142	5,344	7,969
Actuarial losses (gains) in other comprehensive income (see below)	5,660	(34,112)	4,927	(32,517)
Defined benefit obligations	\$ 132,401	\$ 121,262	\$ 69,701	\$ 61,852

Movement in the fair value of the defined benefit plan assets	Pension assets		Other post-retirement benefits	
	December 31,		December 31,	
	2023	2022	2023	2022
Fair value of plan assets at January 1	\$ 155,866	\$ 168,936	\$ -	\$ -
Contributions paid into the plan	-	3,074	2,422	2,321
Benefits paid by the plan	(7,225)	(6,568)	(2,422)	(2,321)
Expected return on plan assets (see below)	7,987	5,012	-	-
Non-investment expense (see below)	(220)	(220)	-	-
Actuarial gains (losses) in other comprehensive income (see below)	4,279	(14,368)	-	-
Fair value of plan assets	\$ 160,687	\$ 155,866	\$ -	\$ -

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Profit and Loss:

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

Pension obligations expense recognized in profit and loss	2023	2022
Service costs:		
Current service costs	\$ 1,348	\$ 1,953
Past service costs	4,828	6,565
Non-investment expenses	220	220
	6,396	8,738
Net interest costs		
Interest cost	6,528	4,624
Expected return on plan assets	(7,987)	(5,012)
	(1,459)	(388)
	\$ 4,937	\$ 8,350

Other post-retirement benefits expense recognized in profit and loss	2023	2022
Current service costs	\$ 1,642	\$ 4,453
Past service costs	368	584
Interest costs	3,334	2,932
	\$ 5,344	\$ 7,969

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	2023	2022
Cumulative amount at beginning of year	\$ 84,318	\$ 32,057
Actuarial gain (loss) – plan experience	653	(3,642)
Actuarial gain (loss) – financial assumption changes	(11,240)	70,271
Return on plan assets greater (less) than expected return	4,279	(14,368)
Cumulative amount at December 31	\$ 78,010	\$ 84,318

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.

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During the year ended December 31, 2023, the Corporation made total contributions of \$2,422,000 (2022 - \$5,395,000) to all of its pension and other benefit plans.

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

	Most recent valuation date	Date of next required valuation
Union Pension plan	January 1, 2023	January 1, 2024

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):

	2023		2022	
	Pension benefits	Other benefits	Pension benefits	Other benefits
Benefit obligations:				
Discount rate at December 31	4.75%	4.75%	5.25%	5.25%
Benefit costs:				
Discount rate at January 1	5.25%	5.25%	3.00%	3.00%
Expected long-term rate of return on plan assets	5.25%	-	3.00%	-

For measurement purposes, a 7.0% per annum increase in the per capita cost of covered extended health care benefits was assumed for 2019, grading down by 0.25% per annum to 4.50% in 2029. The annual rate of increase in the per capita cost of dental benefits is 4.00%.

Sensitivity Analysis:

Assumed discount rates and medical cost trend rates have a significant effect on the accrued benefit obligation. A one percentage point change in these assumptions would have the following effects on the accrued benefit obligation for 2023:

	1% decrease	1% increase
Pension benefit plans		
Discount rate	\$ 13,236	\$ (13,236)
Other post-retirement benefit plans		
Discount rate	12,035	(12,035)
Initial medical cost trend rate	(10,997)	10,997

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13. Loans and borrowings:

The Corporation has a \$40 million operating facility that is used for a letter of credit relating to pension funding and day to day operations. The facility matures on August 31, 2025 and is secured by a pledge of all of the assets of the Corporation. The operating facility bears interest at the 1 month BA rate plus a margin and no repayments will be required until maturity. There is an outstanding letter of credit of \$11.4 million (2022 - \$17.9 million) which is the only amount drawn on this facility (see note 17).

Under its credit facility, the Corporation is required to comply with certain financial covenants. At December 31, 2023, the Corporation was in compliance with these financial covenants.

More information about the Corporation's exposure to interest rate, foreign currency and liquidity risk is included in note 19.

14. Financial instruments:

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

IFRS 13, *Fair Value Measurement*, requires classification of financial instruments within a hierarchy that prioritizes the inputs to fair value measurement. The three levels of the fair value hierarchy are:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2 – Inputs other than quoted prices that are observable for the asset or liability, directly or indirectly;

Level 3 – Inputs that are not based on observable market data.

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

	Fair Value Hierarchy Level	December 31, 2023	December 31, 2022
Financial assets:			
Derivative instruments:			
Foreign exchange contracts	Level 2	\$ 1,083	\$ -
Financial liabilities:			
Derivative instruments:			
Foreign exchange contracts	Level 2	\$ -	\$ 673

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As at December 31, 2023, Westshore has entered into option collars with notional amounts totaling US\$66.0 million to exchange U.S. dollars for Canadian dollars if the strike price drops below \$1.320 or increases above \$1.396. These foreign exchange contracts have not been designated as hedges.

The following table summarizes the gains (losses) on foreign exchange contracts for the years ended December 31, 2023 and 2022:

	2023	2022
Foreign exchange contracts	\$ 1,756	\$ (724)

The fair value asset and liability are recorded in other assets and other liabilities, respectively. The unrealized gain (loss) was recorded in foreign exchange gain (loss) in the condensed consolidated statements of comprehensive income.

The carrying amounts of these contracts are based on valuations obtained from the counterparties. 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. BHP Potash Project:

During the year ended December 31, 2023, the Corporation invoiced \$52,670,000 (2022 - \$53,905,000) to BHP Canada Inc., a subsidiary of BHP Group Limited (“BHP”) related to the construction of the necessary infrastructure to enable it to handle potash. These nonrefundable upfront fees received from BHP are recorded as deferred revenue and will be recognized when the corresponding future service is provided over the course of the export contract. The amount invoiced also includes a 5% holdback which is recorded as long term receivable, to be received upon the completion of the project. As at December 31, 2023, the holdback amount was \$5,329,000 (2022 - \$2,695,000).

16. Leases:

The Corporation is committed to low value, short term leases related to the rental of vehicles and equipment.

The Corporation has a land lease with the Vancouver Fraser Port Authority (“VFPA”) which has been identified as a material lease contract. The term of the lease is until December 31, 2026 with the Corporation having further options to extend the term to December 31, 2066. Subsequent to year end, our lease with VFPA was amended, with retroactive effect as of January 1, 2023. The term of the lease is January 1, 2023 to December 31, 2051, with Westshore having further options to extend the term to December 31, 2070 (the “Amended Lease”). The Corporation’s audited consolidated financial statements for the years ended December 31, 2023 and 2022 reflect the financial terms of the now prior lease, which was still in force on December 31, 2023. The financial effects of the Amended Lease will be reflected prospectively in the Corporation’s consolidated financial statements for the three months ending March 31, 2024 and it is expected that there will be a largely off-setting increase in each of the right-of-use asset and the lease obligation.

Charges payable by the Corporation under the prior lease comprised an annual base land and waterlot rental fee of \$5,259,000 (2022 - \$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 (2022 - \$6,494,000) was charged based on a minimum annual

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tonnage (MAT) of 17.6 million tonnes. A higher participation rental fee per tonne is charged on tonnage in excess of the MAT, which in 2023, was \$8,750,000 (2022 - \$5,132,000) in relation to the higher participation rental fee. Under the Amended Lease, annual rent is comprised of two fixed amounts, basic rent and ancillary rent. The basic rent is fixed until December 31, 2026, and may be revised by VFPA at that time and every three years thereafter. The ancillary rent will escalate annually. Unlike the old lease, the Amended Lease does not provide for an annual participation rental fee based on the volume of coal shipped.

Additional information about this lease is presented below. No other material lease contracts were identified.

Right-of-use asset

2022

Balance at January 1	\$ 268,123
Depreciation charge for the year	(5,958)
Balance at December 31	262,165

2023

Balance at January 1	262,165
Other adjustments	158
Depreciation charge for the year	(5,986)
Balance at December 31	\$ 256,337

There were no additions to right-of-use assets during 2023 (2022 – nil).

Lease obligation	2023	2022
Maturity analysis – contractual undiscounted cash flows		
Less than one year	\$ 11,914	\$ 11,836
One to five years	47,769	47,604
More than five years	452,709	464,623
Total undiscounted lease liabilities at year end	\$ 512,392	\$ 524,063

Amounts recognized in profit or loss	2023	2022
Interest on lease liabilities	\$ 8,911	\$ 8,953
Variable lease payments not included in the measurement of lease liabilities	8,750	5,132
Expenses relating to short-term and low value asset leases	208	196

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Amounts recognized in the statement of cash flows	2023	2022
Cash used in operations:		
Variable lease payments included in profit for the year	\$ 8,750	\$ 5,132
Short-term and low value asset leases included in profit for the year	208	196
Lease obligation interest paid	8,911	8,953
	17,869	14,281
Cash used in financing:		
Lease obligation	2,685	2,748
Total cash outflow for leases	\$ 20,554	\$ 17,029

17. Commitments and Contingencies:

The Corporation has provided a letter of credit of \$11,418,000 (December 31, 2022 - \$17,872,000) related to pension funding.

The Corporation continues to enter into contracts with various vendors for the construction of the potash infrastructure. Pursuant to the agreement, BHP is required to substantially fund the potash infrastructure. As at December 31, 2023, the Corporation has commitments related to this project of \$201,721,000 that has not been accrued for.

18. Major Customers:

The Corporation had certain customers whose throughput individually represented 10% or more of the Corporation's total throughput.

For the year ended December 31, 2023, three customers accounted for 79% (2022 - 80%) and four customers accounted for 92% (2022 - 92%) of throughput.

19. Financial risk management:

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

(a) Credit risk:

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

The Corporation's exposure to credit risk is influenced by the profitability of coal mining companies, which is heavily impacted by the price of 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, 2023 and 2022, 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

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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:

	2023	2022
Cash and cash equivalents	\$ 164,747	\$ 155,068
Accounts receivable	41,821	8,786
Long term receivable	5,329	2,695
	<hr/> \$ 211,897	<hr/> \$ 166,549

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(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 maintains a \$40 million operating facility that is primarily used for pension funding. The Corporation has an outstanding letter of credit for \$11,418,000 against this facility.

(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, 2023, the Corporation held US\$17.8 million (2022 – US\$6.3 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 \$178,000 for the year.

The accounts receivable due from U.S. customers are denominated in U.S. dollars. The U.S. dollar denominated accounts receivable outstanding as at December 31, 2023 was \$9,115,000 (2022 - \$867,000).

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.

20. 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's quarterly dividend is subject to periodic review based on factors including funds applied to repurchase shares, other opportunities that may come before Westshore, other potential capital upgrade projects, operating performance and current market conditions.

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21. Related party transactions:

	2023	2022
Administration agreement Westar Management Ltd.	\$ 615	\$ 597
Management agreement: Westar Management Ltd. - base fee	1,845	1,791
Management agreement: Westar Management Ltd. - Incentive fee	4,743	1,115
Insurance premiums: Affiliate of Westar Management Ltd.	2,277	2,255
Vehicle leases: Affiliate of Westar Management Ltd.	208	196
Director fees: Director fees	823	728

Accounts receivable include nil (2022 - \$497,000) due from affiliated companies. Accounts payable and accrued liabilities include \$4,974,000 (2022 - \$2,005,000) due to affiliated companies.



Corporate Information

Westshore Terminals Investment Corporation

Directors

William W. Stinson*Corporate Director***M. Dallas H. Ross***Partner, Kinetic Capital Partners***H. Clark Hollands***Private Investor***Steve Akazawa***Corporate Director***Brian A. Canfield***Corporate Director***Nick Desmarais***Managing Director Legal Services, The Jim Pattison Group***Glen Clark***Corporate Director***Dianne Watts***Corporate Director**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

Principal Office

1800 – 1067 West Cordova Street
Vancouver, British Columbia V6C 1C7

Telephone: 604.688.6764
Facsimile: 604.687.2601

Officers

William W. Stinson*Chairman, Chief Executive Officer & President***M. Dallas H. Ross***Chief Financial Officer***Nick Desmarais***Secretary & Vice President of Corporate Development*



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Westshore Terminals Ltd.

William W. Stinson

Corporate Director

M. Dallas H. Ross

Partner, Kinetic Capital Partners

H. Clark Hollands

Private Investor

Steve Akazawa

Corporate Director

Brian A. Canfield

Corporate Director

Nick Desmarais

Managing Director Legal Services, The Jim Pattison

Group

Glen Clark

Corporate Director

Dianne Watts

Corporate Director