

Consolidated Financial Statements
(Expressed in thousands of Canadian dollars)

**WESTSHORE TERMINALS INVESTMENT
CORPORATION**

Year ended December 31, 2023



KPMG LLP
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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Westshore Terminals Investment Corporation

Opinion

We have audited the consolidated financial statements of Westshore Terminals Investment Corporation (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2023 and December 31, 2022;
- the consolidated statements of comprehensive income for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of changes in equity for the years ended December 31, 2023 and December 31, 2022;
- the consolidated statements of cash flows for the years ended December 31, 2023 and December 31, 2022; and
- notes to the consolidated statements, including a summary of material accounting policy information (Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2023 and December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Evaluation of the measurement of the defined benefit obligations

Description of the matter

We draw attention to Notes 3 (i) and 12 to the financial statements. The Entity has recorded a net employee future benefit obligation of \$41.4 million, which consists of defined benefit obligations of \$202.1 million, offset partially by the fair market value of plan assets of \$160.7 million. The defined benefit obligations are actuarially determined. In determining the defined benefit obligations, the Entity's significant assumptions include discount rates, mortality assumptions and health care cost trend rates.

Why the matter is a key audit matter

We identified the evaluation of the measurement of the defined benefit obligations as a key audit matter given the magnitude of the defined benefit obligations and the reliance on actuarially determined assumptions. In addition, significant auditor judgment was required in evaluating the results of our audit procedures due to the sensitivity of the defined benefit obligations to minor changes in significant assumptions.

How the matter was addressed in the audit

The primary procedures we performed to address this key audit matter included the following:

- We assessed the professional competency, experience and objectivity of the actuarial specialists engaged by the Entity to estimate the present value of the defined benefit obligations using actuarial methods and assumptions including mortality and health care trend rates.
- On a select basis, we compared data provided by the Entity to the actuarial experts to underlying source records.
- We evaluated the appropriateness of discount rate assumptions by assessing changes in the discount rates from the prior year against changes in published rates as compiled by our actuarial specialists.

Other Information

Management is responsible for the other information. Other information comprises:

- the information included in the Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions; and
- the information, other than the financial statements and the auditor's report thereon, included in the Annual Report filed with the relevant Canadian Securities Commissions.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis and the "Annual Report" filed with the relevant Canadian Securities Commissions as at the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditor's report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



- Determine from the matters communicated with those charged with governance, those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in black ink that reads 'KPMG LLP' with a long horizontal flourish underneath.

Chartered Professional Accountants

The engagement partner on the audit resulting in this auditor's report is D. Philippa Wilshaw.

Vancouver, Canada

March 8, 2024

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	-
Income tax recoverable		-	11,562
		228,806	195,544
Property, plant and equipment:			
At cost	5	845,096	709,919
Accumulated depreciation		(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
Employee future benefits	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
Dividends payable to shareholders	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
Lease obligation	16	274,866	277,740
		665,085	546,093
Shareholders' equity:			
Share capital	10	1,436,587	1,443,821
Deficit		(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 recognize 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.

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 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		
Defined benefit plans	\$ (1,703)	\$ 14,110
	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
	\$	211,897	\$	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.

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

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.