WESTSHORE TERMINALS INVESTMENT CORPORATION

ANNUAL REPORT

2020

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)	**2020**	**2019**
Tonnage (in thousands)	29,267	31,033
Coal loading revenue	$ 353,568	$ 387,536
Profit before taxes	$ 173,927	$ 190,998
Profit for the year	$ 126,916	$ 139,385
Profit for the year per share	$ 1.96	$ 2.09
Dividends declared	$ 41,198	$ 42,650
Dividends declared per share	$ 0.64	$ 0.64
Funds applied to repurchase shares	$ 46,744	$ 17,780
Average price paid per repurchased share	$ 15.53	$ 20.92
Shares outstanding at December 31	63,391,535	66,473,855
Share Trading Statistics		
High	$ 19.12	$ 24.26
Low	$ 11.88	$ 17.64
Close	$ 15.59	$ 18.95
Annual Volume	60,454,581	46,898,530

Westshore Terminals Investment Corporation

Directors' Letter and Report to Shareholders

Dear Shareholder:

Westshore had a successful year in 2020 amidst a challenging business environment.

Westshore shipped 29.3 million tonnes in 2020 compared to 31.0 million tonnes in 2019. Total revenues of $368.4 million compare to 2019 revenues of $395.4 million and reflect somewhat reduced volumes and throughput rates. Profit before taxes of $173.9 million was down 9% from $191.0 million in 2019, and after-tax profit per share decreased by 6%.

COVID-19 spurred several heightened safety measures put in place at the terminal to protect our employees and allow operations to continue. Although commodity prices for metallurgical and thermal coal have fluctuated during the pandemic, our throughput volumes have remained steady.

Our customer base, and throughput volume by customer, continues to evolve. For 2020, we shipped product for eight different customers. At least for the next few years, we anticipate throughput volumes to be reduced from recent years, primarily due the expiry of our prior contract with Teck based on 19 million tonnes annually. Combined 2021 volume for Teck under the expiring contract and the new contract which commences April 2021 is expected to be 12.5-13.5 million tonnes. Commencing 2022, the new contract allows for a volume range of 5-7 million tonnes annually. We anticipate total throughput volume for all customers of approximately 25 million tonnes in 2021.

Westshore intends to continue to maximize throughput volumes by attracting new coal customers and/or increasing throughput volume of existing customers. Additionally, we are well positioned to handle other bulk commodities in addition to coal.

At the end of 2020, Westshore reached a two-year labour agreement with Local 502 of the International Longshore and Warehouse Union (ILWU). The agreement is in effect until January 31, 2022. In February 2021 we reached tentative agreements with the remaining two locals of ILWU. The agreement with Local 517 was ratified earlier this month and the agreement with Local 514 is expected to be ratified later this month. These agreements also expire January 31, 2022. .

The Corporation renewed its normal course issuer bid ("NCIB") effective April 11, 2020 for another year, allowing it to acquire up to 3,253,787 common shares until April 10, 2021. During 2020, 3,009,912 common shares were purchased for a total of $46.7 million, of which 16,700 common shares at a cost of $0.3 million were settled in 2021. In 2019, 850,090 common shares were purchased for a total of $17.8 million, of which 88,108 common shares at a cost of $1.7 million were settled in 2020. Year to date in 2021, a total of 6,000 shares have been purchased for $0.1 million.

The Corporation is pleased to announce a $0.20 dividend for Q1 2021, which represents an increase in the regular quarterly dividend level, as well as a $0.50 special dividend to be paid to shareholders on record as of March 31, 2021. Both dividends are payable on or before April 15, 2021.

The Corporation is in the process of preparing its first ESG (environmental, social and governance) report. The report will be posted on the Corporation's website in June 2021.

For the Board of Directors,

(Signed) "*William Stinson*"

William Stinson
Chairman of the Board of Directors
Vancouver, B.C.
March 16, 2021

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, 2020. This discussion and analysis has been based upon the consolidated financial statements prepared in accordance with International Financial Reporting Standards ("IFRS"). This discussion and analysis is the responsibility of management of the Corporation. Additional information and disclosure can be found on SEDAR at www.sedar.com. Unless otherwise indicated, the information presented in this Management's Discussion and Analysis ("MD&A") is stated as at March 16, 2021.

All amounts are presented in Canadian dollars unless otherwise noted.

Caution Concerning Forward-Looking Statements

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

Forward-looking information included in this document includes statements with respect to future revenues, expected loading rates, strength of markets for metallurgical and thermal coal, expected throughput volumes, the possible impacts of the COVID-19 pandemic, the effect of the Canadian/US dollar exchange rate, the future cost of post-retirement benefits, adoption and impact of new accounting standards and the anticipated level of dividends 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 global demand and competition in the supply of seaborne coal, the ability of customers to maintain or increase sales or deliver coal to the Terminal, fluctuations in exchange rates, and the Corporation's ability to renegotiate key customer contracts in the future on favourable terms or at all. See the risk factors outlined in the annual information form referred to above.

General

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

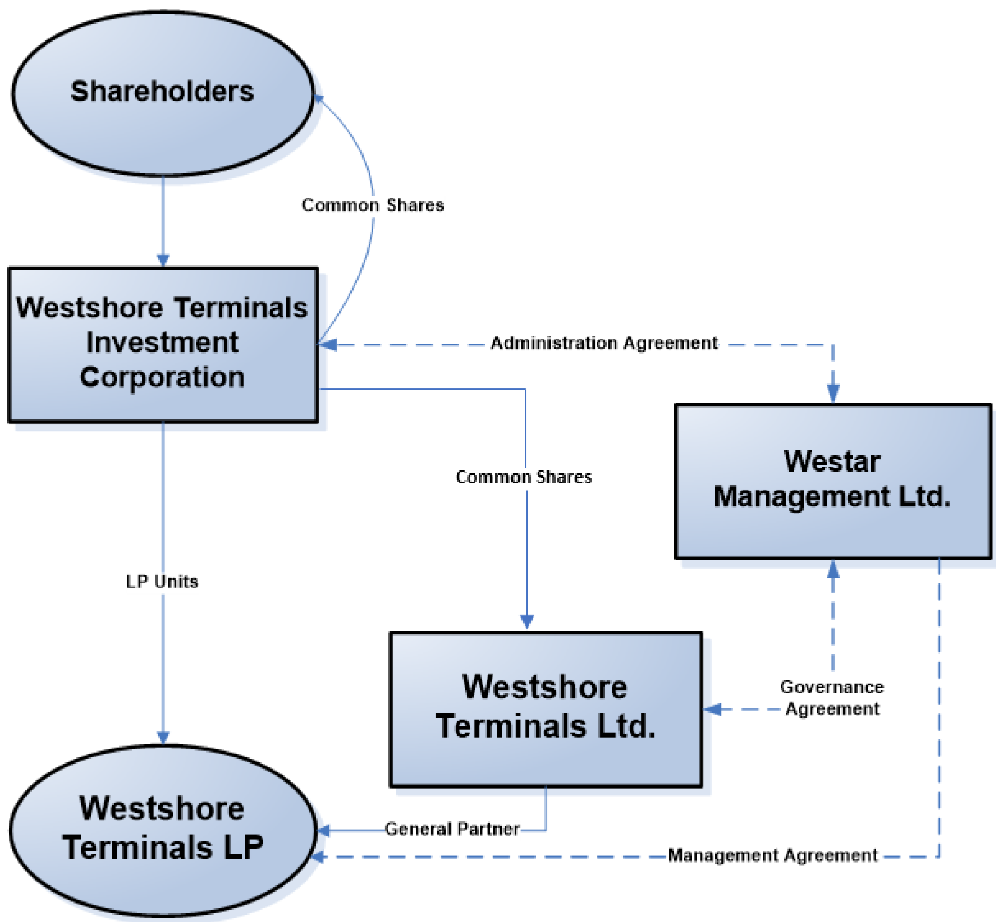
The Corporation derives its cash inflows from its investment in Westshore by way of distributions on Westshore's limited partnership units. Westshore operates a coal storage and loading terminal at Roberts Bank, British Columbia (the "Terminal"). Westshore's operating revenues are derived from rates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

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. Customer contracts continue to provide fixed volume commitments at fixed rates for a significant portion of the Terminal's estimated capacity.

This MD&A has been prepared by the Corporation to accompany the financial statements of the Corporation for the financial year ended December 31, 2020.

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 2021 Annual Meeting.



Selected Financial Information

The following financial data is derived from the Corporation's audited consolidated financial statements for the years ended December 31, 2020, 2019 and 2018, which were prepared in Canadian dollars using IFRS.

(In thousands of Canadian dollars except per share amounts and where noted)	**2020**	2019	2018
	$	$	$
Tonnage (000 tonnes)	**29,267**	31,033	30,464
Revenue	**368,410**	395,422	363,369
Profit before taxes	**173,927**	190,998	169,883
Profit for the year	**126,916**	139,385	122,131
Profit for the year per share(1)	**1.96**	2.09	1.76
Dividends declared	**41,198**	42,650	44,036
Dividends declared per share	**0.64**	0.64	0.64
Total assets	**1,251,400**	1,207,307	1,128,820
Total long term liabilities	**434,305**	420,882	404,760

(1) The weighted average number of Common Shares outstanding for 2020 was 64,673,615, for 2019 was 66,724,299, and for 2018 was 69,206,278.

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

(In thousands of Canadian dollars except per share amounts and where noted)	**Three Months Ended**			
	Dec 31, 2020	**Sep 30, 2020**	**Jun 30, 2020**	**Mar 31, 2020**
	$	**$**	**$**	**$**
Tonnage (000 tonnes)	7,087	6,786	7,683	7,711
Revenue	89,773	89,449	96,816	92,372
Profit before taxes	42,335	44,266	47,484	39,842
Profit for the period	30,884	32,305	34,653	29,074
Profit for the period per share	0.49	0.50	0.53	0.44
Dividends declared	10,142	10,237	10,378	10,441
Dividends declared per share	0.16	0.16	0.16	0.16
Shares repurchased (000 shares)	542	947	301	1,220
Cost of shares repurchased	7,980	15,216	4,025	19,523

(In thousands of Canadian dollars except per share amounts and where noted)	**Three Months Ended**			
	Dec 31, 2019	**Sep 30, 2019**	**Jun 30, 2019**	**Mar 31, 2019**
	$	**$**	**$**	**$**
Tonnage (000 tonnes)	8,208	8,340	7,582	6,903
Revenue	102,991	104,918	98,714	88,799
Profit before taxes	49,994	55,774	47,923	37,307
Profit for the period	36,484	40,704	34,960	27,237
Profit for the period per share	0.55	0.61	0.52	0.41
Dividends declared	10,636	10,671	10,672	10,671
Dividends declared per share	0.16	0.16	0.16	0.16
Shares repurchased (000 shares)	312	-	-	538
Cost of shares repurchased	5,858	-	-	11,922

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 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 Northwestern United States.

Coal is delivered to the Terminal in unit trains operated by Canadian Pacific Railway, 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 18 different countries, with the largest volumes being shipped to Asia.

The Terminal's unique location provides strategic advantages with rail access, storage capacity and vessel handling. These advantages are capable of being utilized for handling other bulk commodities. Westshore will continue to evaluate the feasibility of proposals to handle other commodities as opportunities arise.

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)

	2020		2019		2018	
	Tonnes	%	Tonnes	%	Tonnes	%
Japan	8,743	30	8,301	27	6,490	21
South Korea	8,578	29	10,456	34	12,164	40
China and Hong Kong	3,399	12	3,126	10	2,551	8
India	3,046	10	3,599	11	2,708	9
Europe	2,697	9	2,444	8	2,677	9
Taiwan	1,324	5	1,745	6	1,314	4
S. America	709	2	264	1	1,539	5
Vietnam	330	1	628	2	793	3
Other	441	2	470	1	228	1
Total	29,267	100	31,033	100	30,464	100

During 2020, 66% of Westshore's volume was steel making coal (64% in 2019) and 34% was thermal coal (36% in 2019).

Westshore's customers compete with other coal miners throughout the world. The major competitors for Westshore's customers are producers with mines in Australia, Indonesia, South Africa and Colombia.

Customer Contracts

Westshore operates under term contracts with its customers. Terms of customer contracts range from 2-10 years. Contracts are often renegotiated and extended prior to their expiry.

In 2020 Westshore shipped product for eight different customers and has contracts in place with six of those customers for 2021.

Westshore's 19 million tonne annual contract with Teck Resources expires March 31, 2021. Westshore has entered into a new agreement with Teck commencing April 1, 2021. Under the terms of the agreement Westshore will load between 7.55-8.55 million tonnes in the nine-month period April – December 2021, and then between 5-7 million tonnes annually commencing 2022. The total volume shipped under the contract will be a minimum of 33 million tonnes.

Westshore has entered into contracts with two metallurgical coal companies that plan to develop mines in Alberta and BC. Those companies are paying reservation fees to secure capacity for future shipments, which are expected to commence after 2022.

Labour

All three union locals (502, 514, & 517 of the International Longshore and Warehouse Union) had collective agreements with Westshore that expired on January 31, 2020. During 2020, Westshore reached a two-year agreement with Local 502 expiring January 31, 2022. This Agreement was ratified in December 2020. In February 2021 we reached tentative agreements with the remaining two locals of ILWU. The agreement with Local 517 was ratified earlier this month and the agreement with Local 514 is expected to be ratified later this month. These agreements also expire January 31, 2022.

Results of Operations

(In thousands of Canadian dollars)	Three Months Ended		Years Ended	
	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
	$	$	$	$
Revenue:				
Coal loading	86,791	100,721	353,568	387,536
Other	2,982	2,270	14,842	7,886
	89,773	102,991	368,410	395,422
Expenses:				
Operating	40,543	44,907	167,839	176,709
Administrative	4,279	5,390	16,370	17,030
	44,822	50,297	184,209	193,739
Other:				
Foreign exchange gain (loss)	(61)	(145)	(229)	867
Gain (loss) on disposal of property, plant and equipment	1	-	25	(152)
Net finance costs	(2,556)	(2,555)	(10,070)	(11,400)
Profit before income tax	42,335	49,994	173,927	190,998
Income tax expense	11,451	13,510	47,011	51,613
Profit for the period	30,884	36,484	126,916	139,385
Other comprehensive income (loss), net of income tax	5,802	11,379	(8,233)	(2,920)
Total comprehensive income for the period	36,686	47,863	118,683	136,465

Quarterly analysis.

Tonnage shipped for Q4 2020 was in line with expectations at 7.1 million tonnes compared to 8.2 million tonnes for the same period in 2019. Of the tonnes shipped in Q4 2020, 72% was metallurgical coal and 28% was thermal coal, compared to 67% and 33% respectively for the same period in the prior year.

Coal loading revenue decreased by 13.8% to $86.8 million for Q4 2020 compared to $100.7 million for the same period in 2019. Volumes were down 13.7% for the quarter (year over year) while the average loading rate in Q4 2020 was $12.25 per tonne compared to $12.27 per tonne for the same period in 2019.

Other revenues, totalling $3.0 million in Q4 2020, consisted of $1.1 million of customer shortfall payments with the remainder primarily being wharfage fees. Other revenues for the same period in 2019 was $2.3 million and consisted primarily of wharfage fees.

Operating and administrative expenses decreased by 10.9% to $44.8 million for Q4 2020 compared to $50.3 million for the same period in 2019.Operating cost reductions continue to be a key focus of terminal operations.

Net finance costs were consistent at $2.6 million for both years. The net interest cost components of the employee benefit plan expense, and the right-of-use capital lease interest costs are recorded in net finance costs.

Income tax expense decreased to $11.5 million in Q4 2020 from $13.5 million in Q4 2019 due to lower profits before taxes in 2020.

Profit in the quarter decreased to $30.9 million in 2020 from $36.5 million in 2019, as a result of the lower revenues from lower 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 for the fourth quarter decreased to $5.8 million in 2020 from $11.4 million in 2019. The change in the fourth quarter of 2020 was caused by plan assets performing better than actuarial expectations. The change in the fourth quarter of 2019 was caused by a 0.25% increase in the discount rate which decreased the post-retirement obligations and plan experience changes from the inclusion of the most recent valuation for the post employment benefit plans.

Full year analysis

Tonnage shipped in 2020 was 29.3 million tonnes compared to 31.0 million tonnes in 2019. Of the tonnes shipped in 2020, 66% was metallurgical coal and 33% was thermal coal, compared to 64% and 36% respectively for 2019. Coal loading revenue decreased by 8.8% to $353.6 million in 2020 from $387.5 million in 2019. Volumes were down 5.7% year over year and the average loading rate for 2020 was $12.08 per tonne compared to $12.49 per tonne for 2019.

Other revenue totalling $14.8 million, consisted of $6.7 million of customer shortfall payments with the remainder primarily being wharfage income. Other revenue for the same period in 2019 was $7.9 million and consisted primarily of wharfage income.

Operating and administrative expenses decreased by 4.9% to $184.2 million compared to $193.7 million for the same period in 2019, reflecting reduced volume and Westshore's focus on cost reductions.

Net finance costs decreased to $10.1 million in 2020 from $11.4 million in 2019, due to lower interest expense on the employee benefit plan expense and higher interest income on excess cash. The net interest cost components of the employee benefit plan expense, and the right-of-use capital lease interest costs are recorded in net finance costs.

Income tax expense decreased to $47.0 million in 2020 from $51.6 million in 2019 due to the lower profits before taxes.

Profit decreased to $126.9 million in 2020 from $139.4 million in 2019, primarily as a result of the lower revenues. On a per share basis this is a decrease of 6.2% at $1.96 in 2020 compared to $2.09 in 2019.

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 loss increased to $8.2 million in 2020 from $2.9 million in 2019. The change in 2020 was caused by a 0.50% (2019 – 0.75%) decrease in the discount rate which increased the post-retirement obligations. In both years, this was partially offset by plan assets performing better than actuarial expectations and plan experience changes from the inclusion of the most recent valuation for the post employment benefit plans.

Cash Flow

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)	**Three Months Ended**		**Years Ended**	
	December 31, 2020	**December 31, 2019**	**December 31, 2020**	**December 31, 2019**
	$	**$**	**$**	**$**
Operating cash flows before working capital changes, lease obligation interest and income tax payments	54,331	58,929	215,622	226,371
Working capital changes	8,959	7,363	4,806	(5,955)
Lease obligation interest paid	(2,280)	(2,300)	(9,119)	(9,198)
Income tax paid	(9,825)	(9,601)	(34,915)	(47,202)
Cash flows provided by operations	51,185	54,391	176,394	164,016
Cash flows used in financing activities	(19,167)	(14,871)	(90,749)	(61,491)
Cash flows used in investing activities	(3,020)	(1,235)	(16,071)	(20,715)
Increase in cash and cash equivalents	28,998	38,285	69,574	81,810

Quarterly analysis

Operating cash flows before changes in working capital, lease obligation interest payments and income tax payments for the fourth quarter decreased by 8% to $54.3 million in 2020 from $58.9 million for the same period in 2019. Working capital changes in the fourth quarter resulted in a $9.0 million inflow in 2020 compared to a $7.4 million inflow for the same period in 2019, primarily due to change in accounts payable which fluctuates depending on timing of payments. Lease obligation interest payments are marginally lower as the lease liability is paid down. Income tax payments in the fourth quarter increased marginally to $9.8 million in 2020 from $9.6 million for the same period in 2019. Cash flow from operations in the fourth quarter decreased to $51.2 million in 2020 from $54.4 million for the same period in 2019.

Cash used in financing activities for the fourth quarter increased to $19.2 million in 2020 from $14.9 million for the same period in 2019. During Q4 2020, the Corporation purchased under its NCIB 541,377 shares for approximately $8.0 million of which $0.3 million remained unpaid at period end due to the timing of settlements. During Q4 2020, the Corporation also paid $1.0 million for shares repurchased at the end of the previous quarter, resulting in a total cash outflow of $8.7 million for the share buybacks. For Q4 2019, 311,878 shares were purchased for approximately $5.9 million of which $1.7 million remained unpaid at period end resulting in a total cash outflow of $4.2 million for share buybacks. Total cash outlay for dividends paid to shareholders decreased compared to 2019 as there were fewer shares outstanding.

Cash used in investing activities for the fourth quarter increased to $3.0 million in 2020 from $1.2 million for the same period in 2019 primarily due to timing of payments for capital expenditures. At the end of the quarter, $1.2 million had been incurred but was not yet invoiced or paid for.

Full year analysis

Operating cash flows before changes in working capital, lease obligation interest payments and income tax payments decreased by 5% to $215.6 million in 2020 from $226.4 million in 2019. Working capital changes resulted in a $4.8 million inflow in 2020 compared to a $6.0 million outflow in 2019. Lease obligation interest payments are marginally lower as the lease liability is paid down. Income tax payments decreased to $34.9 million in 2020 from $47.2 million in 2019. 2019 tax payments included a catch up payment for the prior tax year which was not required in 2020. Tax instalment payments are usually based on the previous year's profit, and a final payment for the prior year taxes payable is made in the first quarter of each year. Cash flow from operations increased to $176.4 million in 2020 from $164.0 million in 2019.

Cash flows used in financing activities increased to $90.7 million in 2020 from $61.5 million in 2019. This increase is primarily due to normal course issuer bid share purchases. For the year ended December 31, 2020, the Corporation purchased 3,009,912 shares under its NCIB for approximately $46.7 million of which $0.3 million remained unpaid at year end due to the timing of settlements. The Corporation also paid $1.7 million for shares repurchased at the end of the previous year, resulting in a total cash outflow of $48.2 million for share buybacks. For the year ended December 31, 2019, 850,090 shares were purchased for approximately $17.8 million, of which $1.7 million remained unpaid at year end due to timing of settlements. The Corporation also paid $1.1 million for shares repurchased at the end of the previous year, resulting in a total cash outflow of $17.2 million for share buybacks.

Cash flows used in investing activities decreased to $16.1 million in 2020 from $20.7 million in 2019 primarily driven by a decrease in capital expenditures. Westshore expects that $1.2 million of accruals will be paid within the next 12 months.

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. 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 primarily used for a letter of credit related to pension funding and day to day operational liquidity. The facility matures on August 30, 2022 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 $15.3 million issued under this facility. This 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 $4.9 million in 2020 (2019 - $5.7 million), which was comprised of $2.8 million (2019 - $3.6 million) for contributions to the pension plans and $2.1 million (2019 - $2.1 million) for payments for other post-retirement benefits.

The statement of financial position at December 31, 2020 reflects $100.3 million of net obligations for post-retirement pension benefits and other post-retirement benefits compared to $80.9 million at December 31, 2019. The change in 2020 was primarily caused by a decrease in the discount rate, somewhat offset by stronger plan asset performance. This obligation amount will decline in the future if long term interest rates increase and will increase if such rates fall. Based on current benefit levels, every 0.25% decrease or increase in interest rates results in a $9.5 million increase or decrease respectively in the post-retirement benefits obligations.

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

(In thousands of Canadian dollars)		December 31, 2020
Less than 1 year	$	11,701
Between 1 and 5 years		46,962
More than 5 years		488,395
	$	547,058

In addition to the above minimum lease payments, Westshore also pays an annual participation rental fee to Vancouver Fraser Port Authority ("VFPA") based on the volume of coal shipped in excess of 17.6 million tonnes.

As at December 31, 2020, Westshore has a commitment of $1.2 million with respect to equipment purchases that are to be delivered and paid for in the next 12 months.

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

Financial Instruments

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

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

	Fair Value Hierarchy Level	December 31 2020	December 31 2019
Financial assets:			
Derivative instruments:			
Foreign exchange contracts	Level 2	$ 4	$ 50

As at December 31, 2020, Westshore has entered into option collars with notional amounts totaling US$16.5 million to exchange U.S. dollars for Canadian dollars if the exchange rate drops below 1.240 or rises above 1.314. 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, 2020 and 2019:

	2020	2019
Foreign exchange contracts	$ (46)	$ 1,068

The fair value asset is recorded in other assets. The unrealized hedging gain (loss) was recorded in foreign exchange gain (loss) in the consolidated statement of comprehensive income.

The carrying amounts of these contracts are equal to fair value, which is 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.

Distributions

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

(In thousands of Canadian dollars except per share amounts)	2020 $	2019 $
Total Dividends on Common Shares	41,198	42,650
Total Dividends per Common Share	0.64	0.64

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 review on March 16, 2021, the directors have determined to increase the quarterly dividend from $0.16 per share to $0.20 per share ($0.80 per share annually), and to pay a special dividend of $0.50 per share to shareholders of record on March 31, 2021.

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.

Westshore has assessed the potential impacts of the COVID-19 pandemic on its operations, which are designated as an essential service. To date, Westshore has been able to continue its normal operations at the Terminal, and currently there is no expectation that these conditions will change and impact Westshore. Having only one operating facility has allowed Westshore a singular focus on adopting significant additional health, safety and cleaning measures.

The pandemic did not cause any significant change in Westshore's estimated throughput volumes in 2020 and provided the situation does not worsen, should not cause an impact on estimated volumes in 2021. Westshore relies on its customers' throughput, rail service to deliver that throughput and other essential service providers. Restrictions which are imposed on any of these by reason of the pandemic could have a negative impact on Westshore. Westshore also recognizes that broader impacts of the pandemic on the global economy could negatively impact customers, and in turn could negatively affect Westshore.

We anticipate total throughput volume for all customers of approximately 25 million tonnes in 2021.

At least for the next few years, Westshore anticipates throughput volumes to be reduced from recent years, primarily due the expiry of our prior contract with Teck.

Westshore is well positioned to handle other bulk commodities in addition to coal. We continue to attract the interest of producers of other products, and we evaluate the feasibility of these opportunities as they arise.

Related Party Transactions

The Manager provides management services to Westshore pursuant to a management agreement (the "Management Agreement"). Westshore pays an annual management fee to the Manager and an incentive fee based on a percentage of annual profit above $42 million, subject to a cap of $7.5 million per annum. The annual base management fee for 2020 was $1,688,000 (2019 - $1,639,000) which will escalate at 3% annually. The incentive fee for the year ended December, 31, 2020 was $5,787,000 and was paid subsequent to December 31, 2020 (2019 - $6,759,000 paid in 2020).

The Manager also provides administration services to the Corporation pursuant to an administration agreement. The Corporation pays an annual administration fee in monthly installments. The fee paid to the Manager for 2020 was $563,000 (2019 - $546,000), which will increase by 3% per annum.

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 2020.

Critical Accounting Estimates

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

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

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 obligation is measured at amortised 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 the lease obligation.

Goodwill

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

Employee Future Benefits

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

Deferred Income Taxes

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

Internal Controls Over Financial Reporting

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

The Chief Executive Officer and Chief Financial Officer of the Corporation have caused to be evaluated under their supervision, the effectiveness of the Corporation's internal controls over financial reporting as of December 31, 2020. 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, 2020 that have materially affected the Corporation's internal controls over financial reporting or are reasonably likely to materially affect the Corporation's internal controls over financial reporting.

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

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

Disclosure Controls And Procedures

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

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

As required by National Instrument 52-109, the Chief Executive Officer and the Chief Financial Officer of the Corporation, in conjunction with management of the General Partner, have evaluated the effectiveness of the design and tested the operation of the disclosure controls and procedures of Westshore, the General Partner and the Corporation as of December 31, 2020 and have concluded that such disclosure controls and procedures provide reasonable assurance that information required to be disclosed in the annual filings, interim filings or other reports filed or submitted under provincial and territorial securities legislation is recorded, processed, summarized and reported within the time periods specified in such legislation.

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

Management's Report

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

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

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

The consolidated financial statements have been audited on behalf of the shareholders by KPMG LLP, Chartered 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)

	Note	December 31, 2020	December 31, 2019
Assets			
Current assets:			
Cash and cash equivalents		$ 201,432	$ 131,858
Accounts receivable		11,644	20,252
Inventories		18,212	16,122
Prepaid expenses		2,552	2,319
Income taxes recoverable		-	4,330
		233,840	174,881
Property, plant and equipment:	5		
At cost		658,032	645,987
Accumulated depreciation		(280,099)	(260,008)
		377,933	385,979
Right-of-use assets	14	274,082	280,040
Goodwill		365,541	365,541
Other assets	13	4	866
		$ 1,251,400	$ 1,207,307
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		$ 44,708	$ 56,244
Income tax payable		5,964	-
Deferred revenue		13,040	7,126
Lease obligation current portion	14	2,664	2,582
Dividends payable to shareholders	9	10,142	10,637
		76,518	76,589
Deferred revenue		20,917	22,940
Deferred income taxes	8	29,802	31,045
Employee future benefits	11	100,263	80,910
Lease obligation	14	283,323	285,987
		510,823	497,471
Shareholders' equity:			
Share capital	9	1,456,354	1,525,522
Deficit		(715,777)	(815,686)
		740,577	709,836
		$ 1,251,400	$ 1,207,307

Commitments and contingencies (note 15)

See accompanying notes to unaudited condensed 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, 2020 and 2019

	Note		2020		2019
Revenue:					
Coal loading		$	353,568	$	387,536
Other			14,842		7,886
			368,410		395,422
Expenses:	4				
Operating			167,839		176,709
Administrative			16,370		17,030
			184,209		193,739
Other:					
Foreign exchange gain (loss)			(229)		867
Gain (loss) on disposal of property, plant and equipment			25		(152)
Net finance costs	6		(10,070)		(11,400)
Profit before income tax			173,927		190,998
Income tax expense	7		47,011		51,613
Profit for the year			126,916		139,385
Other comprehensive loss:					
Items that will not be recycled to net income:					
Defined benefit plan actuarial losses	11		(11,278)		(4,000)
Income tax recovery on other comprehensive loss	7		3,045		1,080
Other comprehensive loss for the year, net of income tax			(8,233)		(2,920)
Total comprehensive income for the year		$	118,683	$	136,465
Profit per share:					
Basic and diluted earnings per share	10	$	1.96	$	2.09
Weighted average number of shares outstanding			64,673,615		66,724,299

See accompanying notes to consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

Years ended December 31, 2020 and 2019

		Share capital		Deficit		Total
Balance at January 1, 2019	$	1,545,057	$	(911,256)	$	633,801
Profit for the year		-		139,385		139,385
Other comprehensive loss:						
Defined benefit plan actuarial losses, net of tax		-		(2,920)		(2,920)
Total comprehensive income for the year		-		136,465		136,465
Distributions to shareholders of the Corporation:						
Dividends declared to shareholders		-		(42,650)		(42,650)
Adjustments due to share repurchases		(19,535)		1,755		(17,780)
Balance at December 31, 2019	$	1,525,522	$	(815,686)	$	709,836

		Share capital		Deficit		Total
Balance as at January 1, 2020	$	1,525,522	$	(815,686)	$	709,836
Profit for the year		-		126,916		126,916
Other comprehensive loss:						
Defined benefit plan actuarial losses, net of tax		-		(8,233)		(8,233)
Total comprehensive income for the year		-		118,683		118,683
Distributions to shareholders of the Corporation:						
Dividends declared to shareholders		-		(41,198)		(41,198)
Adjustments due to share repurchases		(69,168)		22,424		(46,744)
Balance at December 31, 2020	$	1,456,354	$	(715,777)	$	740,577

See accompanying notes to consolidated financial statements.

WESTSHORE TERMINALS INVESTMENT CORPORATION

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

Years ended December 31, 2020 and 2019

		2020		2019
Cash provided by (used in):				
Operations:				
Profit for the year	$	126,916	$	139,385
Adjustments for:				
Foreign exchange contracts		46		(1,068)
Depreciation		26,179		24,868
Employee future benefits liability		5,425		21
Net finance costs		10,070		11,400
Income tax expense		47,011		51,613
Loss (gain) on disposal of property, plant and equipment		(25)		152
		215,622		226,371
Changes in non-cash operating working capital and other:				
Accounts receivable		8,608		(4,822)
Inventories		(2,090)		(1,762)
Prepaid expenses		(233)		(138)
Accounts payable and accrued liabilities		(5,369)		(859)
Deferred revenue		3,891		1,626
		4,806		(5,955)
Lease obligation interest paid		(9,119)		(9,198)
Income taxes paid		(34,915)		(47,202)
		176,394		164,016
Financing:				
Interest received		1,699		1,020
Dividends paid to shareholders		(41,693)		(42,780)
Share purchases		(48,173)		(17,228)
Lease obligation		(2,582)		(2,503)
		(90,749)		(61,491)
Investments:				
Property, plant and equipment, net		(16,887)		(21,532)
Other assets		816		817
		(16,071)		(20,715)
Increase in cash and cash equivalents		69,574		81,810
Cash and cash equivalents, beginning of the year		131,858		50,048
Cash and cash equivalents, end of the year	$	201,432	$	131,858
Supplemental information:				
Non-cash transactions:				
Shares purchased but not settled at year end	$	(259)	$	(1,688)
Capital expenditures unpaid at year end		1,205		5,942

See accompanying notes to consolidated financial statements.

1. Reporting entity:

Westshore Terminals Investment Corporation was incorporated under the *Business Corporation Act* (British Columbia) on September 28, 2010 and is domiciled in Canada. The registered and head office is located at Suite 1800, 1067 West Cordova Street, Vancouver, British Columbia, V6C 1C7. These consolidated financial statements as at and for the year ended December 31, 2020 comprises Westshore Terminals Investment Corporation and its subsidiaries (together referred to as the "Corporation"). The Corporation owns all of the limited partnership units of Westshore Terminals Limited Partnership ("Westshore"), a partnership established under the laws of British Columbia.

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

2. Basis of preparation:

(a) Statement of compliance:

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

The consolidated financial statements were authorized for issue by the Board of Directors on March 16, 2021.

(b) Basis of measurement:

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

- non derivative financial instruments classified as fair value through profit or loss are measured at fair value;
- derivative financial instruments are measured at fair value;
- 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 amortised 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 has been rounded to the nearest thousand.

(d) Use of estimates and judgments:

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

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

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

3. Significant accounting policies:

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

(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.

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

Financial Assets	
Cash and cash equivalents	Amortized cost
Accounts 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.

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
Computer software	3 years to 5 years
Mobile equipment	5 years to 25 years
Land improvements	15 years to 30 years
Buildings	8 years to 35 years
Fixed machinery	8 years to 35 years

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

(e) Impairment:

Non-Financial assets

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

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

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

Financial assets

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

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:

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

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

(g) 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.

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.

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 fees earned under take or pay contracts where the coal has not been delivered. Other revenue also includes revenue earned for securing future volumes which is initially deferred and recognized over the term of the contract and wharfage fees which are recorded based upon the period of time a ship is at the terminal.

(k) Provisions:

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

Decommissioning liabilities

The Corporation's terminal site is leased from the Vancouver Fraser Port Authority (the "VFPA"). The current lease agreement became effective as of January 1, 2015 and runs until December 31, 2026. It may be extended at Westshore's option for further periods up to 40 years. At the expiry of the lease term, assuming the Corporation has not been successful in further extending the lease, the VFPA has the option to acquire the assets of the terminal at fair value or require the Corporation to return the site to its original condition. The Corporation believes that the probability that the VFPA will elect to enforce site restoration is remote.

(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.

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

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

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

4. Expenses:

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

	2020	2019
Salaries, wages and benefits	$ 93,509	$ 96,789
Depreciation	26,179	24,868
Other	64,521	72,082
	$ 184,209	$ 193,739

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

5. Property, plant and equipment:

	Buildings and land improvements	Machinery and equipment	Construction in progress	Total
Cost:				
Balance at January 1, 2019	$ 80,616	$ 458,439	$ 96,202	$ 635,257
Additions	-	-	11,461	11,461
Transfers	1,878	83,280	(85,157)	-
Disposals	-	(731)	-	(731)
Balance at December 31, 2019	82,494	540,988	22,506	645,987
Balance at January 1, 2020	82,494	540,988	22,506	645,987
Additions	-	-	12,175	12,175
Transfers	274	3,599	(3,873)	-
Disposals	-	(130)	-	(130)
Balance at December 31, 2020	$ 82,768	$ 544,457	$ 30,808	$ 658,032
Accumulated depreciation:				
Balance at January 1, 2019	$ 34,947	$ 206,681	$ -	$ 241,628
Depreciation	1,769	17,141	-	18,910
Disposals	-	(530)	-	(530)
Balance at December 31, 2019	36,716	223,292	-	260,008
Balance at January 1, 2020	36,716	223,292	-	260,008
Depreciation	1,837	18,384	-	20,221
Disposals	-	(130)	-	(130)
Balance at December 31, 2020	$ 38,553	$ 241,546	$ -	$ 280,099
Carrying amounts:				
At December 31, 2019	$ 45,778	$ 317,696	$ 22,506	$ 385,979
At December 31, 2020	44,215	302,911	30,808	377,933

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

6. Finance costs:

	2020	2019
Interest income, net	$ (1,699)	$ (1,020)
Employee benefit interest expense, net	2,650	3,222
Capital lease interest	9,119	9,198
Net finance costs	$ 10,070	$ 11,400

7. Income tax expense:

	2020	2019
Tax expense recognized in profit		
Current income tax expense	$ 45,209	$ 39,006
Deferred tax expense	1,802	12,607
	47,011	51,613
Tax recovery recognized in other comprehensive income		
Defined benefit plans	$ (3,045)	$ (1,080)

	2020	2019
Reconciliation of effective tax rate:		
Profit before income tax	$ 173,927	$ 190,998
Statutory rate	27.00%	27.00%
Expected income tax expense	46,960	51,570
Permanent differences	17	43
Other	34	-
Actual income tax expense	$ 47,011	$ 51,613

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

8. Deferred tax assets and liabilities:

		December 31, 2020		December 31, 2019
Deferred tax assets:				
Non-pension defined benefits liability	$	25,656	$	21,619
Post-retirement benefits		1,415		227
Financing fees		11		15
Lease obligation		77,216		77,914
Total assets		104,298		99,775
Deferred tax liabilities:				
Property, plant and equipment		(60,097)		(55,196)
Foreign exchange contracts		(1)		(13)
Right-of-use assets		(74,002)		(75,611)
Total liabilities		(134,100)		(130,820)
Net deferred income tax liabilities	$	(29,802)	$	(31,045)

9. Share capital:

Authorized:

Unlimited number of common shares, no par value

Issued:

	Common shares			
		2020		2019
63,391,535 (2019 - 66,473,855) issued and outstanding common shares	$	1,456,354	$	1,525,522

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, 2020, the Corporation repurchased 3,009,912 (2019 - 850,090) shares for $46,744,000 (2019 - $17,780,000), under the Corporation's normal course issuer bid. Of these shares, 16,700 shares valued at $259,000 settled in 2021.

Subsequent to year end, the Corporation repurchased 6,000 shares for a total cost of $93,000. The shares have been cancelled and will result in a decrease to deficit and share capital.

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

The Corporation has declared the following dividends in 2020 (2019 - $42,650,000).

Record Date	Payment Date	Per Share	Total
March 31	April 15	$ 0.16	$ 10,441
June 30	July 15	0.16	10,378
September 30	October 15	0.16	10,237
December 31	January 15	0.16	10,142
			$ 41,198

10. Profit per share:

Earnings per share:

The calculation of basic profit per share for the year ended December 31, 2020 was based on profit attributable to shareholders and a weighted average number of common shares outstanding.

	2020	2019
Profit for the year	$ 126,916	$ 139,385
Weighted average number of Common shares outstanding	64,673,615	66,724,299
Basic and diluted earnings per share	$ 1.96	$ 2.09
Shares repurchased	3,009,912	850,090
Total cost of shares repurchased	$ 46,744	$ 17,780

The Corporation has no dilutive securities.

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

11. Employee future benefits:

The Corporation makes contributions to two non-contributory defined benefit plans 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, 2020	December 31, 2019
Present value of unfunded obligations	$ 95,022	$ 80,070
Present value of funded obligations	158,910	146,954
Total present value of obligations	253,932	227,024
Fair value of plan assets	(153,669)	(146,114)
Recognized liability for defined benefit obligations	$ 100,263	$ 80,910

Plan assets are comprised of the following investments:

	2020	2019
Equity securities	$ 75,591	$ 70,266
Fixed income securities	39,786	36,090
Alternatives	37,020	36,558
Cash and cash equivalents	1,272	3,200
	$ 153,669	$ 146,114

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

Asset and Liability Movements:

Movement in the present value of the defined benefit obligations	Pension obligations December 31, 2020	Pension obligations December 31, 2019	Other post-retirement benefits December 31, 2020	Other post-retirement benefits December 31, 2019
Defined benefit obligation at January 1	$ 146,954	$ 134,228	$ 80,070	$ 71,303
Benefits paid by the plan	(5,925)	(5,690)	(2,069)	(2,146)
Current and past service costs and interest (see below)	9,723	7,838	7,375	5,792
Actuarial losses in other comprehensive income (see below)	8,158	10,578	9,646	5,121
Defined benefit obligations	$ 158,910	$ 146,954	$ 95,022	$ 80,070

Movement in the fair value of the defined benefit plan assets	Pension assets December 31, 2020	Pension assets December 31, 2019	Other post-retirement benefits December 31, 2020	Other post-retirement benefits December 31, 2019
Fair value of plan assets at January 1	$ 146,114	$ 131,921	$ -	$ -
Contributions paid into the plan	2,840	3,560	2,069	2,146
Benefits paid by the plan	(5,925)	(5,690)	(2,069)	(2,146)
Expected return on plan assets (see below)	4,334	4,903	-	-
Non-investment expense (see below)	(220)	(220)	-	-
Actuarial gains in other comprehensive income (see below)	6,526	11,640	-	-
Fair value of plan assets	$ 153,669	$ 146,114	$ -	$ -

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

Profit and Loss:

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

Pension obligations expense recognized in profit and loss		2020		2019
Service costs:				
Current service costs	$	1,934	$	1,732
Past service costs		3,337		1,003
Non-investment expenses		220		220
		5,491		2,955
Net interest costs				
Interest cost		4,452		5,105
Expected return on plan assets		(4,334)		(4,903)
		118		202
	$	5,609	$	3,157

Other post-retirement benefits expense recognized in profit and loss		2020		2019
Current service costs	$	4,093	$	2,770
Past service costs		750		-
Interest costs		2,532		3,022
	$	7,375	$	5,792

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		2020		2019
Cumulative amount at beginning of year	$	1,611	$	5,611
Actuarial gain - plan experience		1,322		9,519
Actuarial loss - financial assumption changes		(19,126)		(25,218)
Actuarial gain - maximum balance sheet item		-		59
Return on plan assets greater than expected return		6,526		11,640
Cumulative amount at December 31	$	(9,667)	$	1,611

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

Funding and Assumptions:

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

During the year ended December 31, 2020, the Corporation made total contributions of $4,909,000 (2019 - $5,706,000) 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 valuations:

	Most recent valuation date	Date of next required valuation
Union Pension plan	January 1, 2020	January 1, 2021
Salaried Retirement plan	January 1, 2019	January 1, 2022

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):

	2020		2019	
	Pension benefits	Other benefits	Pension benefits	Other benefits
Benefit obligations:				
Discount rate at December 31	2.50%	2.50%	3.00%	3.00%
Benefit costs:				
Discount rate at January 1	3.00%	3.00%	3.75%	3.75%
Expected long-term rate of return on plan assets	3.00%	-	3.75%	-

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 2020:

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

	1% decrease	1% increase
Pension benefit plans		
Discount rate	$ 22,044	$ (22,044)
Other post-retirement benefit plans		
Discount rate	20,678	(20,678)
Initial medical cost trend rate	(15,257)	15,257

12. Loans and borrowings:

The Corporation has a $40 million operating facility that is primarily used for a letter of credit relating to pension funding and day to day operations. The facility matures on August 30, 2022 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 $15.3 million drawn on this facility (see Note 15).

Under its credit facility, the Corporation is required to comply with certain financial covenants. At December 31, 2020, the Corporation was in compliance with these financial covenants.

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

13. Financial instruments:

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

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 2020	December 31 2019
Financial assets:			
Derivative instruments:			
Foreign exchange contracts	Level 2	$ 4	$ 50

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

As at December 31, 2020, Westshore has entered into option collars with notional amounts totaling US$16.5 million to exchange U.S. dollars for Canadian dollars if the strike price drops below $1.240 or above $1.314. 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, 2020 and 2019:

	2020	2019
Foreign exchange contracts	$ (46)	$ 1,068

The fair value asset is recorded in other assets. The unrealized hedging gain (loss) was recorded in foreign exchange gain (loss) in the consolidated statement of comprehensive income.

The carrying amounts of these contracts are equal to fair value, which is 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.

14. 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.

Charges payable by the Corporation under the lease comprise an annual base land and waterlot rental fee of $5,207,000 (2019 - $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 (2019 - $6,494,000) is charged based on a minimum annual tonnage (MAT) of 17.6 million tonnes. A higher participation rental fee per tonne is charged on tonnage in excess of the MAT. In 2020, the Corporation paid $9,494,000 (2019 - $10,097,000) in relation to the higher participation rental fee.

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

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

Right-of-use asset		
2019		
Balance at January 1	$	285,998
Depreciation charge for the year		(5,958)
Balance at December 31		280,040
2020		
Balance at January 1		280,040
Depreciation charge for the year		(5,958)
Balance at December 31	$	274,082

There were no additions to right-of-use assets during 2020 (2019 – nil).

Lease obligation		2020		2019
Maturity analysis – contractual undiscounted cash flows				
Less than one year	$	11,701	$	11,701
One to five years		46,962		46,856
More than five years		488,395		500,158
Total undiscounted lease liabilities at year end	$	547,058	$	558,715

Amounts recognised in profit or loss		2020		2019
Interest on lease liabilities	$	9,119	$	9,198
Variable lease payments not included in the measurement of lease liabilities		9,494		10,097
Expenses relating to short-term and low value asset leases		178		199

Amounts recognised in the statement of cash flows		2020		2019
Total cash outflow for leases	$	11,879	$	11,900

15. Commitments and Contingencies:

The Corporation has provided a letter of credit of $15,269,000 (December 31, 2019: $15,269,000) related to pension funding.

The Corporation has commitments of $1,205,000 with respect to equipment purchases that are to be delivered and paid for in the next 12 months.

The Corporation also pays an annual participation rental fee based on the volume of coal shipped in excess of 17.6 million tonnes (Note 14).

Although the Corporation does not expect that COVID-19 will significantly impact the Company's operations, assets or liabilities, there is no certainty or guarantee that future events related to COVID-19 won't impact the Corporation and such impacts could potentially be material.

16. 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, 2020, two customers accounted for 82% (2019 - 81%) and three customers accounted for 90% (2019 - 92%) of throughput.

17. Financial risk management:

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

(a) Credit risk:

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

The Corporation's exposure to credit risk is influenced by the profitability of coal mining companies, which is heavily impacted by the price of the coal. The Corporation does not have any collateral or security for its receivables. The Corporation monitors the financial health of its customers and regularly reviews its accounts receivable for impairment. As at December 31, 2020 and 2019, there were no trade accounts receivable past due which were considered uncollectible and no reserve in respect of doubtful accounts was recorded.

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

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

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

		2020		2019
Cash and cash equivalents	$	201,432	$	131,858
Accounts receivable		11,644		20,252
	$	213,076	$	152,110

(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 $15,269,000 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, 2020, the Corporation held US$11.4 million (2019 – US$9.8 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 $114,000 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, 2020 was $781,000 (2019 - $5,506,000).

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 13 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.

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

18. Capital management:

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

The objective of the Corporation is to maintain a stable capital base and ensure that the capital structure does not interfere with the Corporation's ability to meet its distribution policy or fund future projects. The Corporation'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.

19. Related party transactions:

	2020	2019
Administration agreement		
Westar Management Ltd.	$ 563	$ 546
Management agreement:		
Westar Management Ltd. - base fee	1,688	1,639
Management agreement:		
Westar Management Ltd. - Incentive fee	5,787	6,759
Insurance premiums:		
Affiliate of Westar Management Ltd.	1,183	992
Vehicle leases:		
Affiliate of Westar Management Ltd.	178	199
Director fees:		
Director fees	643	653

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
President, The Jim Pattison Group

Dianne Watts

Corporate Director

Officers

William W. Stinson
Chairman, Chief Executive Officer &President

M. Dallas H. Ross
Chief Financial Officer

Nick Desmarais
Secretary & Vice President of Corporate Development

Stock Exchange Listing

Toronto Stock Exchange

Trading Symbol

WTE

Registrar and Transfer Agent

Computershare Investor Services Inc.
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Brian A. Canfield
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Corporate Director