

The following summary is intended to assist unitholders of the Westshore Terminals Income Fund (the "Fund") in understanding the income tax treatment of the distributions made by the Fund in 2005.

The following summary does not constitute legal or tax advice nor is it intended as such, and is qualified in its entirety by the description of the Canadian and U.S. federal income tax considerations contained on pages 18 through 27 of the Management Information Circular dated May 10, 2005 (the "Circular"), which unitholders are encouraged to read in detail.

Unitholders are also encouraged to consult their own tax advisors for appropriate tax advice based on their particular circumstances.

Reorganization

Starting on September 30, 2005 and ending on October 2, 2005, the Fund undertook an internal reorganization that resulted in a transfer of assets from Westshore Terminals Ltd. ("WTL") to Westshore Terminals Limited Partnership ("Partnership"). The Fund is now the sole limited partner of the Partnership and the sole shareholder of the general partner of the Partnership.

During the course of the reorganization, unitholders received, as a return of capital, 1 Class A share of Westshore MF Holdings Ltd. ("MFH") for each Fund unit owned by the unitholder. The value of the Class A shares received was \$0.10 per share. Since MFH is considered to be a mutual fund corporation for Canadian tax purposes, the Class A shares were qualified investments for Canadian tax purposes. MFH redeemed the Class A shares in exchange for the issuance of additional Fund units having a value equal to the value of the redeemed Class A shares. Unitholders will not be considered to have received a dividend or a capital gain or a capital loss as a result of the receipt of the Fund units on the redemption of the Class A shares. The Fund units received on the redemption of the Class A shares were consolidated with all the other Fund units outstanding at that time so that the total number of Fund units after the consolidation was equal to the number of Fund units outstanding at the commencement of the reorganization. The result of these steps is that there was no change in the number of Fund units held by a unitholder prior to the commencement of the reorganization and in general, there should be no change in the aggregate adjusted cost base of the Fund units owned by a unitholder immediately prior to the reorganization.

Individual Canadian Resident Unitholders

The following information is based on the Fund's understanding of the Income Tax Act (Canada) and regulations thereunder, and is provided for general information only. It is expected that Form T3 Statement of Trust Income Allocations and Designations ("T3 slips") will be available by March 31, 2005, as further explained below.

The reorganization resulted in the Fund having two taxation years in the 2005 calendar year. The first taxation year started on January 1, 2005 and ended during the day on October 1, 2005. The second taxation year commenced immediately thereafter and ended on December 31, 2005. Canadian resident unitholders should receive one or more T3 slips in respect of the 2005 taxation year outlining the nature of the quarterly fund distributions received during 2005. A T3 slip received for the first taxation year would only include the distributions and income allocations for the first three quarters of the 2005 calendar year, and a second T3 slip received for the second taxation year would include the distributions and income allocations for the last quarter. The T3 slips are prepared by the unitholders' brokerage firms and are normally available by March 31 of each year. The brokerage firms may consolidate the information into a single T3 slip for account holders.

The following table summarizes the per-unit distributions for the 2005 calendar year:

Record date	Payment date	Other trust income (taxable)	Return of capital (cost reduction)	Other capital distributions (non-taxable)	Total cash distributions
Mar 31/05	Apr 15/05	\$0.200	Nil	Nil	\$0.200
Jun 30/05	Jul 15/05	\$0.200	Nil	Nil	\$0.200
Sep 30/05	Oct 15/05	\$0.250872	\$0.093454	\$0.035674	\$0.380
Dec 31/05	Jan 15/06	\$0.385000	Nil	Nil	\$0.385
Dec 31/05	See below	\$0.021884	Nil	Nil	Nil
Total		\$1.057756	\$0.093454	\$0.035674	\$1.165

“Other trust income” is fully taxable to unitholders and is reported on the T3 slip in Box 26.

The Fund's taxable income for the last quarter of 2005 was higher than expected, and as a result, the net income of the Fund exceeded the cash distributions paid in respect of 2005 income (“Excess Income”). As provided by the Fund's Declaration of Trust, the Excess Income was automatically paid at 11:59pm PST on December 31, 2005 by the issuance of additional units, *pro rata* to each unitholder, having a value equal to the Excess Income. These units were then automatically consolidated so that each unitholder continued to hold the same number of units that existed before the distribution. The value of the *pro rata* distribution is taxable to each unitholder and results in an increase in the adjusted cost base of the unitholder's trust units.

The “return of capital” is reported on the T3 slip in Box 42. This amount reduces the adjusted cost base of the trust units. The adjusted cost base is used to determine the capital gain realized by the unitholders when the units are sold.

The “other capital distributions” are reported on the T3 slip in Box 42. These distributions represent the payment of the non-taxable portion of capital gains realized from the sale of Fording Canadian Coal Trust units in prior years. These amounts were not distributed in prior years as the Fund required cash to service the debt arising from the acquisition of the Fording Trust units. Although these amounts are disclosed as a return of capital on the T3 slip, they are not taxable to unitholders and will not reduce the

adjusted cost base of fund units held by those unitholders who were also allocated the taxable portion of the capital gains in the prior years.

The reorganization undertaken by the Fund does not alter the nature of the distributions received by unitholders during 2005.

U.S. Unitholders

Pre-restructuring Period

The Fund is considered to be a partnership for US tax purposes. The Fund earned interest income from WTL during the period before the reorganization. Distributions from the Fund are taxed as interest income (passive income) in the hands of the unitholders, to the extent of interest income on interest-bearing indebtedness owing by WTL to the Fund.

Post-restructuring Period

The Partnership has elected to be treated as a corporation for US tax purposes. The Fund is considered to be a partnership for U.S. tax purposes, so distributions from the Partnership retain their nature in the hands of Fund unitholders. Based on the foregoing, distributions to unitholders should be considered foreign-source dividend income for U.S. tax purposes, to the extent paid out of current or accumulated earnings and profits of the Partnership, determined under U.S. income tax principles. Providing that applicable holder-level requirements are met, these distributions should be “qualified dividends,” eligible for taxation at reduced rates under U.S. federal income tax legislation.

Distributions of income by the Fund to U.S. unitholders are generally subject to Canadian withholding tax of 15%. U.S. unitholders are advised to seek advice from their tax advisors for the tax treatment of distributions

Other Non-Resident Unitholders

Fund distributions of income to non-resident unitholders are generally subject to the general Canadian withholding tax of 25%. However, this withholding rate may be reduced if an income tax treaty or convention has been entered into between Canada and the foreign jurisdiction.

All Non-Resident Unitholders

The Fund believes that its Units do not constitute “Canadian property mutual fund investments” and accordingly the new 15 percent withholding tax applicable to non-taxable distributions of capital made by certain mutual fund trusts to non-residents of Canada in 2005 and later years should not apply. Therefore, the Fund has not withheld such tax on non-taxable distributions made to non-resident unitholders.