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EXPLANATORY NOTES

Unless otherwise stated, the information in this annual information form is stated as of December 31, 2015. All references to the “Corporation” are to Westshore Terminals Investment Corporation.

All amounts are presented in Canadian dollars unless otherwise noted.

CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This Annual Information Form contains forward-looking statements, which reflect the current expectations of the Corporation and Westshore (as defined below) 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 Annual Information Form, and are subject to inherent risks and uncertainties, including those outlined in this Annual Information Form, 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 steel-making and thermal coal, expected throughput volumes, future throughput capacity, the proportion of throughput expected to be shipped at variable rates, the effect of Canadian/US dollar exchange rate, customer contract renegotiations, expected timing for shipments from a new customer, expected timing to negotiate labour agreements, cost of and timing to complete capital projects and environmental upgrades and the anticipated level of dividends.

Forward looking statements should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether, or the times at which, such performance or results will be achieved. There is significant risk that estimates, predictions, forecasts, conclusions and projections will not prove to be accurate, that assumptions may not be correct and that actual results may differ materially from such estimates, predictions, forecasts, conclusions or projections. Readers of this Annual Information Form should not place undue reliance on forward-looking statements as a number of 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 (as defined below), fluctuations in exchange rates, and the Corporation’s ability to renegotiate key customer contracts on favourable terms or at all. See “Risk Factors”.

CORPORATE STRUCTURE

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 partnership established under the laws of British Columbia.

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

The following chart illustrates the Corporation’s primary structural relationships. The Corporation holds all of the limited partnership units of Westshore and all of the common shares of Westshore Terminals Ltd. (the “General Partner”). The General Partner is the general partner of Westshore. Westar Management Ltd. (the “Manager”) provides management services to Westshore and administrative services to the Corporation, and appoints three of the seven directors of the General Partner. Details of these arrangements will be included in the Information Circular for the Corporation’s 2016 Annual Meeting.
Westshore operates the Terminal on land leased from the Vancouver Fraser Port Authority (“VFPA”) located on a man-made island at Roberts Bank, British Columbia. The Terminal is approximately 30 kilometres south of Vancouver and is the largest coal loading facility on the west coast of the Americas. The Terminal began operating in 1970, two years after construction commenced on the Roberts Bank superport and terminal facilities. Westshore has constructed and owns all the facilities and equipment at the Terminal.

The Terminal was initially developed through a corporation owned by a British Columbia coal producer. By 1997, when the Westshore Terminals Income Fund (the “Fund”) was created, the Terminal was owned independently of any producer and served four customers that produced coal from mines in British Columbia and Alberta. From 1999 to 2003 the Western Canadian coal industry experienced very low coal prices and significant mine closures and consolidation. The most significant event was the combination of six export steel making coal mines in a single entity which is now Teck Coal Limited (“Teck”), wholly-owned by Teck Resources Limited.

Teck is Westshore’s largest customer, and in 2015, Teck and two other Canadian customers accounted for 19.9 million tonnes or 69% (2014 – 64%) of total throughput. Westshore’s U.S. customers accounted for 9.0 million tonnes or 31% (2014 – 30%) of total throughput.

In the period 2004-2009, Westshore’s annual throughput averaged approximately 21 million tonnes. In anticipation of increased volumes, in 2007 Westshore undertook its first major capital project since 1998 at a cost of $51 million, the largest component of which was a fourth stacker reclaimer which became fully operational part way through 2010. These improvements allowed Westshore to load a then record 27.3 million tonnes in 2011. Westshore undertook a further capital upgrade consisting of replacing the existing single dumper with a double dumper and addition of related equipment, at a cost of $45 million. This project was completed late in 2012.
significant maintenance program was completed in 2012 to replace chutes in four transfer towers at a cost of $14 million in order to improve the flow of product. It is now estimated that the terminal throughput capacity is approximately 33 million tonnes, under current and foreseeable operating conditions. Westshore’s 2015 throughput was 28.8 million tonnes, down from the record 30.6 million tonnes achieved in 2014. Westshore also spent just over $15 million over the last three years to upgrade its environmental systems, including new state of the art spray towers for dust suppression. Additional environmental operational upgrades are in progress in 2016-2019 at a further cost of $19 million.

During 2013, the Board of Directors (the “Board”) approved a further capital upgrade project (the Capital Project”) which involves the replacement of the three older stacker reclaimers (all between 30 - 40 years old), the replacement of the shiploader at Berth 1 (approximately 30 years old) and the replacement and consolidation of the current office and maintenance shops complex (approximately 40 years old) which is anticipated to cost $270 million. The permits necessary to proceed with the Capital Project were obtained in January 2014. The new equipment is expected to be delivered and installed over the next 4 years, in a phased sequence so as to minimize the disruption to operations, with completion in early 2019. The Capital Project will not increase Westshore’s overall operational footprint. See “Facilities – Equipment Additions”. The new offices and shops were completed in 2015 and the first new stacker reclaimer and shiploader are due to arrive on site by mid 2016 and operational by year end. The second new stacker reclaimer is scheduled to be delivered and operational by the end of 2017.

Once fully operational, the new equipment is projected to increase the rated capacity at the terminal by 2-3 million tonnes per year. Actual throughput increases will be dependent on a number of factors outside Westshore’s control, including the performance of the other parties along the coal chain (rail and ship) and overall demand for coal. In any event, the new equipment will enable Westshore to maintain, over the longer term, the higher throughput levels to which Westshore has committed.

The $380 million total capital upgrade cost from 2007 to 2018 does not include an additional $43.2 million in improved and updated environmental systems over the same period.

**Operations**

Westshore operates the Terminal on a throughput basis and is paid a handling charge by its customers when the coal is loaded on a ship. Westshore does not take title to the coal it handles. Market conditions for coal affect the competitiveness of Westshore’s customers and, as a result, affect the volume of coal handled by Westshore. Westshore has contracts to ship coal from mines in British Columbia and one mine in Alberta, as well as two mines located in the north-western United States.

Coal is delivered to the Terminal in unit trains operated by Canadian Pacific, CN and BNSF Railways and is then unloaded and either directly transferred onto a ship or stockpiled for future ship loading. Ultimately, the coal is loaded onto ships that are destined for approximately 16 countries worldwide, with the largest volumes being shipped to Japan, Korea and China. Westshore provides service to its customers seven days a week, 24 hours a day.

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)

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

Westshore’s revenues depend upon the volume of steel making and thermal coal shipped through the Terminal and the rates charged for such coal. The rates per tonne charged by Westshore to its customers are established by contract and are unregulated. In order to remain profitable, Westshore must be able to sustain a volume of throughput and charge rates for such volume which in combination allow it to meet its relatively fixed operating costs.

The throughput at the Terminal is determined by the ability of Westshore’s customers to supply coal to industrial consumers in the Asia-Pacific region, Europe and other countries. During 2015, shipments to Korea, Japan and Taiwan accounted for 58% of total throughput, representing approximately 16.7 million tonnes, and shipments to China accounted for 14% of total throughput, representing approximately 4.0 million tonnes (96% of which was steel making coal). Shipments of coal through the Terminal in the last 10 calendar years are presented in the table below.

Coal Shipments
(millions of tonnes)

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Steel Making</td>
<td>16.5</td>
<td>18.7</td>
<td>17.3</td>
<td>14.8</td>
<td>16.4</td>
<td>15.8</td>
<td>16.0</td>
<td>18.1</td>
<td>18.8</td>
<td>19.4</td>
</tr>
<tr>
<td>Thermal</td>
<td>2.5</td>
<td>2.5</td>
<td>3.7</td>
<td>5.3</td>
<td>8.2</td>
<td>11.3</td>
<td>9.8</td>
<td>11.7</td>
<td>11.5</td>
<td>9.1</td>
</tr>
<tr>
<td>Petroleum Coke</td>
<td>0.0</td>
<td>0.0</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>0.2</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Total</td>
<td>19.0</td>
<td>21.2</td>
<td>21.1</td>
<td>20.1</td>
<td>24.7</td>
<td>27.3</td>
<td>26.1</td>
<td>30.1</td>
<td>30.6</td>
<td>28.8</td>
</tr>
</tbody>
</table>

Coal is the only commodity shipped through the Terminal, other than small volumes of petroleum coke. The volume of coal handled by Westshore is dependent on the international competitiveness of coal exporters in Western Canada and the Northwestern United States. Coal is used primarily for the production of steel (steel-making or coking coal) and the generation of electricity (thermal or steam coal). Approximately 70% of the world’s steel production involves the use of coal and 40% of the world’s electricity is generated from coal. Coal is also used as an energy source in industrial processes (such as the cement and pulp and paper industries) and to produce a wide range of products (such as tars and chemicals). During 2015, 68% of Westshore’s volume was steel-making coal (62% in 2014), 32% was thermal coal (38% in 2014) and less than 1% was petroleum coke (less than 1% in 2014).

The market for seaborne thermal coal was particularly robust from the latter part of 2009 to 2013. Significant weakness was experienced in 2014 which worsened in 2015. Prolonged weakness in thermal coal markets has affected the ability of Westshore’s thermal coal customers to sustain sales. During Q4 2015 both of Westshore’s U.S. customers restructured their agreements in one case to reduce and in the other to eliminate their volume commitments for 2016-2018 in exchange for a variety of upfront and ongoing payments. (see Loading Contracts).
Since 2011, steel making coal buyers and sellers have negotiated prices quarterly, based on supply and demand factors. The following table shows the approximate prices (in U.S. dollars per tonne) reported by Teck for steel making coal for the last ten years.

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>107.00</td>
<td>91.00</td>
<td>275.00</td>
<td>128.00</td>
<td>181.00</td>
<td>257.00</td>
<td>193.00</td>
<td>149.00</td>
<td>113.00</td>
<td>93.00</td>
</tr>
</tbody>
</table>

Customers

The throughput of the Terminal is dependent on the success of Westshore’s customers in selling coal, principally steel making coal, in international markets. This in turn depends largely on the strength of those markets and the competitive position of Westshore’s customers.

The strength of the steel making coal market depends on the demand for steel. The share of the steel making coal market that producers are able to capture and retain depends upon several factors. Australian coal mines are the most significant competitors to Western Canadian producers. Over the long term, the primary competitive factors are the relative cash cost of sales from the customers’ mines versus other exporting steel making coal mines and the quality of the coal produced. In Canada, the two largest components of cash cost of sales are mining costs and rail carriage. The volume of thermal coal that is shipped through Westshore from the northwestern United States is significantly dependent on the prevailing prices for seaborne thermal coal.

Currently, the Terminal receives coal on a regular basis from five mines in southeastern British Columbia and one in Alberta that are owned by Teck. Until Q4 2015, Westshore also received steel making coal from one mine in Alberta owned by Grande Cache Coal Corporation. Effective December 31, 2015, the Grande Cache agreement was terminated with the shutdown of Grande Cache’s mining operations. During 2015, coal handled from Grande Cache totalled 0.5 million tonnes compared to 1.4 million tonnes in 2014.

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

With its six mines, Teck is Westshore’s largest customer. Shipments by Teck accounted for approximately 66% of Westshore’s volumes in 2015 and 58% in 2014. Shipments by U.S. producers accounted for approximately 31% of Westshore’s volumes in 2015 and 30% in 2014, and shipments by Grand Cache represented 2% of volumes in 2015 and 5% in 2014. Shipments of a small volume of petroleum coke, accounted for Westshore’s remaining throughput in 2015.

One factor that impacts the competitiveness of Canadian coal is exchange rates. Coal is priced in U.S. dollars, while the operating costs of Westshore’s Canadian customers are generally incurred in Canadian dollars. Subject to hedging arrangements entered into by Westshore’s customers, currency exchange fluctuations can play a role in determining the relative competitiveness of coal producers in different countries. For example, when the value of the Australian dollar is higher relative to the Canadian dollar, Australian coal producers are less competitive.

Operating Costs

A large portion of Westshore’s operating costs are fixed, including a significant portion of employee costs. The principal variable cost is the participation rental charged under the lease (the “VFPA Lease”) of the Terminal from the VFPA for tonnage in excess of the minimum annual tonnage of 17.6 million tonnes. Employee costs and the VFPA Lease costs are the two largest components of Westshore’s expenses, representing approximately 56% and 15%, respectively, of Westshore’s operating and administrative expenses (before depreciation and incentive fee) in
2015 (56% and 17%, respectively, in 2014). Other costs include general and administration costs, outside services, materials and supplies, insurance, property taxes and utilities.

**Port Alternatives**

The competitiveness of a coal terminal is dependent on the proximity of the facility to cost-competitive coal mines, the relative cost of rail shipments, deep sea berthing capability, availability of rail links, proximity to export markets, labour stability and the ability to efficiently handle different coals and blends. Westshore believes that there is limited ability to construct new facilities in the Pacific Northwest of North America due to few remaining deep-sea berth locations, limited links to existing infrastructure, the significant capital cost of constructing such facilities, regulatory constraints, and current difficult seaborne coal market conditions.

Alternate terminal facilities for the handling of coal from Western Canada are Ridley Terminals Inc. (“Ridley”) and Neptune Bulk Terminals (Canada) Ltd. (“Neptune”). Ridley operates a single-berth coal loading facility in Prince Rupert, approximately 1,500 kilometres north of Vancouver. This facility was built specifically to serve British Columbia’s northeast coalfields, then consisting of the Quintette and Bullmoose mines. Ridley’s business was sourced primarily from those mines, both of which closed by early 2003. Commencing in 2004 new mines opened in Northeastern British Columbia and Ridley’s throughput increased significantly, reaching 12 million tonnes in 2013, but Ridley has experienced reduced volume since 2014 because of mines being idled or shut down, and bankruptcies of coal companies in the area, due to lower coal prices. In 2015 Ridley handled approximately 4.4 million tonnes. It is currently able to handle 18 million tonnes of throughput.

Neptune operates a three-berth terminal operation that handles various bulk commodities including coal, potash and fertilizer. Located in Vancouver’s inner harbour on land leased from VFPA, Neptune is owned by its shippers, including Teck which holds a 46% interest and ships coal through Neptune. Teck has made additional investments in Neptune designed to increase its coal-handling capacity to 12.5 mpta, and Neptune obtained approval from VFPA in 2013 for further expansion to increase its coal handling capacity to 18 mpta, but to date, has not proceeded with this expansion.

Annual export shipments (in millions of tonnes) through Westshore, and through Neptune and Ridley for the last ten years were as follows:

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Westshore(1)</td>
<td>19.0</td>
<td>21.2</td>
<td>21.1</td>
<td>20.1</td>
<td>24.7</td>
<td>27.3</td>
<td>26.1</td>
<td>30.1</td>
<td>30.6</td>
<td>28.8</td>
</tr>
<tr>
<td>Neptune</td>
<td>5.0</td>
<td>3.7</td>
<td>4.8</td>
<td>4.3</td>
<td>5.5</td>
<td>5.2</td>
<td>6.4</td>
<td>7.5</td>
<td>7.5</td>
<td>6.3</td>
</tr>
<tr>
<td>Ridley(1)</td>
<td>2.8</td>
<td>5.1</td>
<td>4.8</td>
<td>4.0</td>
<td>8.1</td>
<td>9.6</td>
<td>11.5</td>
<td>12.1</td>
<td>7.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Total</td>
<td>26.8</td>
<td>30.0</td>
<td>30.7</td>
<td>28.4</td>
<td>38.3</td>
<td>42.1</td>
<td>44.0</td>
<td>49.7</td>
<td>45.3</td>
<td>39.5</td>
</tr>
</tbody>
</table>

NOTE:
(1) Includes petroleum coke.

**Loading Contracts**

Westshore generally operates under long-term contracts with its customers. Contracts entered into in 2011 and 2012 (with certain amendments in 2014 and 2015), provide significant customer volume commitments over the next several years, much of which are at fixed rates. Westshore’s agreement with Teck extends to March 31, 2021 and commits Teck to ship not less than 19 million tonnes per contract year at fixed rates. Westshore expects that Teck will ship most of the remaining coal from its mines through Neptune.

Westshore’s coal handling contract with Grande Cache was amended in 2014 to provide for, among other things, a termination right by Grande Cache, which was exercised in Q4 2015 as a result of the shut down of its operations. Westshore loaded 0.5 million tonnes of Grande Cache coal in 2015, as compared to 1.4 million tonnes in 2014.
Westshore has two contracts with U.S. thermal coal producers that were amended in 2014 and 2015 and extended to December 31, 2024. In Q4 2015, these agreements were restructured to eliminate Cloud Peak’s volume commitments for the period 2016-2018, in exchange for a series of payments to Westshore (some of which were received in 2015) and to reduce Global Coal Sales’ committed volumes for the period 2016-2018 in exchange for certain payments. Coal from these shippers accounted for approximately 31% of Westshore’s volume in 2015.

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

Loading contracts provide for a specified maximum tonnage of coal that can be stored at the Terminal in a specified number of stockpiles. Because extra stockpiles reduce storage capacity at the Terminal, the contracts provide that if the customer requests and Westshore agrees to one or more additional stockpiles, the customer’s aggregate storage capacity is reduced by a specified volume.

Facilities

VFPA Lease

Westshore occupies the Terminal site at Roberts Bank pursuant to the terms of a lease agreement dated January 1, 2015 with VFPA. The initial term of the lease runs to December 31, 2026, and Westshore has two 10 year renewal options and one 5 year renewal option. Westshore was granted a further 15 year renewal option to extend the lease to December 31, 2066 in connection with the permit that was issued by VFPA approving Westshore’s Capital Project, which is conditional on the project being completed. The VFPA Lease requires Westshore to pay all charges, taxes and assessments and keep all structures and installations at the Terminal in good repair. Under the VFPA Lease, VFPA may require Westshore, upon expiry of the lease, to restore the Terminal site to a condition similar to that at the commencement of the lease entered into in 1982, or VFPA may acquire for fair value the equipment and structures used in the operations, all of which are owned by Westshore.

Charges payable by Westshore under the VFPA Lease are comprised of a fixed annual base land and water lot rental fee (“base rental fee”), and an annual throughput charge (“throughput charge”) based on the volume of coal shipped. The throughput charge is calculated by multiplying the throughput by rates determined under the VFPA Lease. The minimum annual throughput charge is based on a minimum annual throughput (“MAT”) of 17.6 million tonnes. A higher throughput rate per tonne applies to volumes in excess of the MAT. The applicability of the MAT is subject to any force majeure that may be suffered by Westshore or any of the rail carriers. Westshore’s lease cost for rent and the throughput charge totalled $21 million in 2015, compared to $21.7 million in 2014.

The throughput rates payable to VFPA will remain fixed for the initial term to 2026, at the end of which VFPA may stipulate a different rental structure, in which event Westshore will have the right to dispute the new rental if it is higher than the then current rental. The Corporation has guaranteed Westshore’s obligations under the VFPA Lease. The VFPA Lease provides that Westshore may not assign the VFPA Lease without VFPA’s consent. This clause provides that neither Westshore nor the Corporation may enter into any transaction that would result in a change of control of Westshore without the consent of VFPA. That provision does not apply to a change in or termination of the Management Agreement between Westshore and the Manager.

The Terminal

Initial construction of the terminal was completed in 1970, followed by a major expansion in 1984 and a reconfiguration of the site in 1991. These developments and subsequent upgrades led to nominal throughput and storage capacity of 24 million tonnes and 3.2 million tonnes respectively by the mid 1990’s. However, given the impact of blending requirements on throughput capacity and the number of brands and blends of coal being stockpiled, functional throughput capacity by the mid 2000’s was less than 24 million tonnes. Functional stockpile capacity is estimated to be approximately 2 million tonnes under current and foreseeable operating conditions.
Upon arrival at the Terminal, coal cars are unloaded by one of two rotary double dumpers controlled by an operator at the dumper station, which invert the rail cars without uncoupling them. One rotary double dumper was commissioned in 2012, while the other has been in operation since 1984, and was modified in two stages in 1998 and 2008. See “Equipment Additions”. To speed up the unloading process, Westshore has also added two exit train indexers (positioners) and a new entry positioner to the dumper station. Both dumpers can unload cars at a rate of 5,300 tonnes per hour. Both dumpers are capable of unloading shorter aluminum rail cars, the use of which has become the industry norm since they have a larger individual payload and can accommodate more cars per train than the standard Canadian steel cars that were formerly in use. This allows a unit train to carry a greater volume of coal, which increases rail transit efficiency. Some of the rail carriers are increasing train length to 152 cars, and Westshore has successfully handled a substantial number of these longer trains.

On the Terminal site, there are over seven kilometres of conveyors that carry the coal from the dumpers to one of the four stacker reclaimers or to one of three shiploaders for loading onto a ship. The stacker reclaimers deposit (or “stack”) the coal onto uncovered stockpiles. Stockpiled coal is segregated as to customer and specific type until such time as it is loaded onto a ship, at which time the coal is “reclaimed”, or picked up, by a stacker reclaimer and transported by the conveyor belt system to a shiploader. Blending is an integral part of the operations of the Terminal. Westshore is able to blend varieties of coal either on a stockpile, on a conveyor belt or in a ship’s hold.

The Terminal has two deep-sea berths for loading ships. Berth 1 was constructed in 1984. It is 350 metres long and has a depth of 22.9 metres. It can handle ships of up to 260,000 deadweight tonnes and is equipped with a traveling shiploader capable of handling up to 7,000 tonnes of coal per hour. Berth 2, which was originally constructed in 1970, was substantially rebuilt in 2003 after a major windstorm destroyed the two shiploaders. Berth 2 is 263 metres long and has a depth of 20.8 metres and is capable of handling ships of up to 180,000 deadweight tonnes and loading up to 7,000 tonnes of coal per hour. The Terminal handled 258 ships in 2015, compared to 300 ships in 2014.

**Equipment Additions**

Commencing in 2007, Westshore undertook two significant equipment upgrades at an aggregate cost of $110 million. Prior to those improvements the Terminal’s functional throughput capacity was assessed at somewhat less than 24 million tonnes per annum.

The first program, completed in 2010 at a cost of $51 million, involved the addition of a fourth stacker reclaimer and associated conveyor system, and conversion of the second barrel of the first tandem rotary dumper to accommodate shorter aluminum rail cars, the use of which has become the industry norm. All four stacker reclaimers were automated and other systems were updated. This program increased the Terminal’s capacity, allowing it to handle a record 27.3 million tonnes in 2011.

Despite this program, Westshore was unable to make commitments to its existing customers for all the levels of service they were requesting. Accordingly, Westshore undertook a further capital upgrade consisting of replacing the existing single dumper with a second double dumper and addition of related equipment, at a cost of $45 million. This project was completed late in 2012. In addition, a significant maintenance program was completed in 2012 to replace chutes in four transfer towers at a cost of $14 million to improve the flow of product. Over the past three years, Westshore has spent on average $15 million per annum on maintenance capital expenditures. Maintenance capital expenditures in 2015 were $18 million. It is now estimated that the terminal throughput capacity is approximately 33 million tonnes, under current and foreseeable operating conditions.

In early 2013, Westshore approved a further capital expenditure program to replace the three oldest stacker reclaimers and the shiploader at Berth 1 and the replacement and consolidation of the current office and maintenance shops complex. This will enable Westshore to significantly enhance its operational efficiencies in several respects, including standardisation of spare parts, and reduction in overall maintenance downtime and costs involved in maintaining older equipment. The new stacker reclaimers will have an anticipated useful life of 30-40 years. The Capital Project also involves combining the outdated and inefficient administration, operations, maintenance warehouse and employee facilities buildings into one consolidated complex. It will also result in coal storage optimization. In January 2014, the VFPA granted Westshore approval for the Capital Project. The Capital Project is planned to be completed in stages, ending in early 2019.
No additional equipment is being added to the site, nor is the site footprint being increased. Any additional throughput capacity would result from the improved productivity of the new equipment, operating efficiencies, and reduced maintenance downtime, and would only be realized if other participants in the coal chain can also improve efficiencies. Currently, it is estimated that 2-3 million additional tonnes per year might be possible, but in any event not before 2018.

To date, the new office and shops have been completed and a new shiploader and stacker reclaimer are scheduled for delivery and installation by the end of 2016. The second stacker reclaimer has been ordered and is expected to be delivered and operational by late 2017. The third and final stacker reclaimer under contract can be cancelled, at Westshore’s option, until December 31, 2016 without significant penalty and a decision on this will be made later in the year. If the stacker reclaimer is cancelled, it would reduce the total budget for the Capital Project to approximately $225 million.

All of these upgrades are within the existing Terminal site, and are not expected to result in a net decrease in the discharges all of which are governed by Westshore’s environmental permits. See “Environmental”.

Labour

As at December 31, 2015, Westshore had 40 non-union and 207 unionized employees, the latter being represented by three separate locals of the International Longshore and Warehouse Union (the “ILWU”). The largest bargaining unit, Local 502, represents 152 employees, Local 514 represents 42 foremen and Local 517 represents 13 administrative employees. All collective agreements expired on January 31, 2016 and negotiations are expected to continue throughout 2016.

In its 45 years of operation, Westshore has had only one legal work stoppage, which lasted for five days. The collective agreements are separate from those of the British Columbia Maritime Employers Association, which represents the other terminal operations in the Vancouver area.

Environmental

Westshore has obtained and is in compliance with all licences, permits and other authorizations relating to the protection of the environment that are required for the operation of its business. In particular, Westshore operates under an effluent discharge permit issued by the British Columbia Ministry of Environment, Lands and Parks and an air emissions permit issued by Metro Vancouver. One requirement of the air emission permit is that Westshore must collect samples from an off-site location near the site boundary, and report the measured dustfall to Metro Vancouver. These samples have consistently met British Columbia air quality guidelines and the requirements of the permit, with occasional exceedances.

Under the effluent discharge permit, Westshore is permitted to discharge water from its water treatment plant provided that it meets quality standards established under the permit. Westshore takes weekly samples of runoff water collected for discharge at its water treatment plant where coal solids are removed from treated water. Westshore is also required to take monthly samples from its sewage treatment plant to determine whether discharge water meets quality standards established under the permit. Water discharged from both the water treatment and sewage treatment plants has consistently met the established standards with occasional exceedances. Westshore has taken steps to improve its dust collection and containment systems so as to minimize the risk of coal dust entering the marine environment. It is conceivable that any contaminated sediment that may result from coal dust falling into the water may require remediation in the future. Any such contamination is expected to have a low impact on the affected areas.
RISK FACTORS

Any of the following risks could materially and adversely affect the Corporation’s results of operations and financial condition and the business of Westshore. They could also materially and adversely affect the ability of the Corporation to pay dividends on its Common Shares and could therefore affect the value of the Common Shares. In addition to the risk factors listed below, businesses are often subject to risks not foreseen or fully appreciated by management. In reviewing these risk factors investors should keep in mind other possible risks that could be important.

Dependence on Westshore

The Corporation is entirely dependent on the operations and assets of Westshore through the Corporation’s ownership of all of the limited partnership units of Westshore. The Corporation’s ability to pay dividends is dependent upon distributions paid by Westshore to the Corporation, less taxes and other expenses of the Corporation. The cash distributed by Westshore to the Corporation, and the dividends paid by the Corporation to common shareholders (the “Shareholders”), if any, will depend upon numerous factors including the profitability of Westshore, the sustainability of margins, capital expenditure requirements, and the risks to Westshore’s business identified below.

Dependence on Coal Shipments

As a single purpose port facility, the biggest factors affecting Westshore’s profitability are the volume of coal, particularly steel-making coal, shipped by its customers through the Terminal and the rates paid by Westshore’s customers. The competitiveness of Westshore’s customers, demand for their products and the volumes of coal they sell are affected by numerous factors beyond the control of Westshore or its customers, including the demand for coal, for steel and steel-based products, the availability of cost competitive coal supplies, currency exchange rates, political and economic conditions, labour disruptions at mine sites or rail carriers, and production and transportation costs in major coal producing regions. Global demand for thermal coal may decline over time as a result of increasingly stringent environmental regulations and increasing pressure from environmental activists.

The effect of any or all of these factors on coal prices and export volumes is impossible for Westshore or its customers to predict with accuracy. Weak demand for the customers’ products is likely to result in lower throughput and lower revenues from which Westshore can cover its operating costs, a significant portion of which is relatively fixed. If realized coal prices fall below the full cost of production and transportation for any coal operations of Westshore’s customers, they will experience operating losses and may decide to discontinue those operations for a period of time (or permanently), thus reducing the coal volumes shipped through the Terminal, which would be likely to have an adverse effect on Westshore’s profitability. Weak thermal coal markets in 2015 resulted in restructured agreements with the two U.S. coal customers which will reduce volumes and profitability in 2016 compared to 2015. Prolonged weakness or further deterioration in thermal coal markets may have further adverse effects on those customers.

Westshore is highly dependent upon one customer for a significant amount of its throughput. Mines owned by Teck accounted for approximately 66% of Westshore’s throughput volumes in 2015 and 58% of Westshore’s throughput volumes in 2014 and are expected to account for a bigger percentage of throughput in 2016. According to Teck’s most recent reports, their realized coal prices remain above the full cost of production and transportation for their coal operations.

Rail Transportation

All coal handled at the Terminal is delivered to the Terminal by Canadian Pacific, CN and BNSF Railways. Coal arrives at the Terminal via an access line belonging to B.C. Rail Ltd. Service interruption at any of these rail carriers may result in lost sales by Westshore’s customers. In addition to any risk of strike, lockout or other labour issue, at certain times weather can be a large factor that affects delivery of coal to the Terminal. Significant cost escalation for these services would reduce the profitability of Westshore’s customers and could increase the full cost of production and transportation at affected operations to a level that is in excess of realizable coal prices, which could reduce the volume of coal shipped through the Terminal.
Load Contracts

Westshore operates under various term contracts with its customers. The expiry dates of these contracts are between 2021 and 2024. A new contract will need to be negotiated when each contract expires, and no assurance can be given that new contracts with acceptable terms will be negotiated, and/or circumstances may give rise to renegotiate or restructure such agreement prior to their set expiry (as was experienced in Q4 2015).

Foreign Currency Fluctuations

The throughput of the Terminal is dependent on the success of Westshore’s customers selling coal in the international markets. A key factor that impacts the competitiveness of Canadian coal is exchange rates. Coal prices are generally negotiated in U.S. dollars, while the operating costs of Westshore’s Canadian customers are generally incurred in Canadian dollars. Currency exchange fluctuations can play a role in determining the relative competitiveness of coal producers from different countries. As a result, the fluctuations in the value of the Canadian dollar relative to other currencies, especially the U.S. dollar and the Australian dollar, could significantly affect Westshore’s customers and hence Westshore’s throughput and financial performance. Westshore has no control over the hedging or business practices of its customers.

Operation on Leased Premises

Westshore operates on premises leased from VFPA. If the VFPA Lease were terminated or expired without renewal, Westshore would be unable to operate its business from its present location and it is unlikely that an alternative location would be available. The VFPA Lease runs to 2026 and contains renewal provisions at Westshore’s option to December 31, 2066.

Labour Relations

The Terminal is operated by a unionized workforce. See “Business of Westshore - Labour”. The operations of Westshore’s customers, the rail service providers and the tugboat and other marine service providers are also operated by unionized workforces. Strikes or lockouts affecting any of these operations or shortages of labour could restrict the ability to produce or transport coal to purchasers and adversely affect Westshore’s operations and financial performance. All collective agreements expired on January 31, 2016 and negotiations are expected to continue throughout 2016.

Environmental Costs and Liabilities

Westshore’s operations are subject to Canadian federal and British Columbia provincial laws and regulations relating to environmental protection and operational safety. Although Westshore believes that the current operation of its business complies with all applicable environmental and safety regulations, it is possible that other developments, such as new environmental and safety laws and regulations, and enforcement policies thereunder, could result in significant costs and liabilities to Westshore. For example, if regulatory restrictions on the height or configuration of coal piles were enacted, they could have a negative effect on Westshore’s storage capacity, which in turn could impact total throughput.

Earthquakes/Windstorms

The Terminal is located at sea level on a man-made island that is situated in an earthquake zone. In the event of an earthquake or a tsunami, the Terminal could be damaged or destroyed and the operations of the Terminal could be subject to serious long-term disruption. In addition, the Terminal is exposed to windstorms. Westshore manages this risk by suspending loading operations during periods of high winds, but it is not always possible to anticipate sudden increases in wind speed or wind gusts, as demonstrated by a windstorm in 2003 that caused significant damage to the loading facilities at Berth 2. Westshore carries insurance for these risks in amounts and on terms it considers reasonable, but there can be no assurance that such insurance will be adequate to cover potential risks.
Terrorism, Military Conflict and Public Health Concerns

Future terrorist attacks, military conflicts or public health concerns could affect the demand for the coal shipped by Westshore, as a result of impacts on local or regional economies or the global economy. Such attacks, conflicts or concerns could also significantly increase the risks or the costs of shipping coal to the markets served by Westshore’s customers. Possible consequences could include decreases in the price received by Westshore’s customers or in the volumes of coal shipped by Westshore.

The Market Price of the Common Shares Could Be Substantially Affected by Various External Factors

As with other publicly traded securities, the market price of the common shares of the Corporation (“Common Shares”) will depend on many factors that are not within the control of the Corporation, including: the extent of investor interest in Westshore; the strength of steel making and thermal coal industries and investors’ perception thereof; the market for equity securities and the attractiveness to investors of Common Shares in comparison to other equity securities; general equity and bond market conditions, including changes in interest rates on fixed income securities, that may lead prospective purchasers of the Common Shares to require a higher return from dividends; and general economic conditions.

The Market Price of the Common Shares Could Be Substantially Affected by Earnings and Cash Distributions

The Corporation expects that the market price of the Common Shares will, in general, be based primarily upon the market’s perception of the Corporation’s current and potential earnings, cash flow and ability to pay dividends. For this reason, the Common Shares may trade at prices that are higher or lower than those implied by the Corporation’s earnings, the dividend policy or recent dividend payments, if any, made by the Corporation or the market value of Westshore’s business and assets. To the extent that Westshore retains operating cash flow for investment purposes (including the Capital Project), working capital reserves, or other purposes, these retained funds, while potentially increasing the value of Westshore’s underlying assets, may not correspondingly increase the market price for the Common Shares. The Corporation’s failure to meet the market’s expectations with regard to future earnings, cash flow or dividends could adversely affect the market price of the Common Shares. In Q4 2015, due to the restructuring of certain US customer agreements, the ongoing capital requirements for the Capital Project and the policy of the Board not to incur debt for the Capital Project, the Board reduced the quarterly dividend from $0.33 per quarter per Common Share to $0.16 per quarter per Common Share, which had a materially negative effect on the trading price of the Common Shares.

The Corporation May Issue Additional Common Shares Diluting Existing Shareholders’ Interests

The Articles of the Corporation authorize the Board to issue an unlimited number of Common Shares for the consideration and on terms and conditions established by the Board without the approval of the holders of Common Shares. Any further issuance of Common Shares may dilute the interests of existing Shareholders.

Income Tax Matters

The income of the Corporation and its subsidiaries must be computed in accordance with, and the Corporation and its subsidiaries are subject to, Canadian tax laws, all of which may be changed in a manner that could adversely affect the amount of dividends. There can be no assurance that Canadian federal income tax laws, the judicial interpretation thereof or the administrative and assessing practices and policies of the Canada Revenue Agency and the Department of Finance (Canada) will not be changed in a manner that adversely affects the Corporation. In particular, any such change could increase the amount of tax payable by the Corporation and its subsidiaries, thereby reducing the amount available to pay dividends on the Common Shares. The Corporation is of the view that all expenses to be claimed by the Corporation and Westshore will be reasonable and deductible for tax purposes.

Changes may occur in the classification of the Common Shares as “qualified investments”

There can be no assurance that the Common Shares will continue to be qualified investments for trusts governed by registered retirement savings plans, registered retirement income funds, deferred profit sharing plans, registered education savings plans, registered disability savings plans and for arrangements or trusts that are tax-free savings accounts under the Income Tax Act (Canada) and the regulations thereunder.
DESCRIPTION OF CAPITAL STRUCTURE

The authorized capital of the Corporation consists of an unlimited number of Common Shares of which 73,865,954 are outstanding.

The Corporation introduced a normal course issuer bid (“NCIB”) in April 2013 (and which was renewed in April 2014 and April 2015) which would allow the Corporation to purchase for cancellation up to 3,712,500 of the Corporation’s issued and outstanding Common Shares, being 2.5% of the 74,250,016 Common Shares outstanding then outstanding. No shares were purchased in 2013 or 2014 and 384,062 shares were purchased in 2015. The Corporation intends to renew the NCIB in April 2016.

DIVIDENDS

Due to deteriorating market conditions in 2015, coupled with the restructuring of two contracts with U.S. customers, the Board, commencing Q4 2015, reduced the quarterly dividend from $0.33 per Common Share to $0.16 per Common Share. Such dividend level is subject to regular review by the Board and possible change based on other opportunities that may come before Westshore, actual operating performance and current market conditions.

<table>
<thead>
<tr>
<th>Year</th>
<th>Dividends declared by the Corporation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$1.15</td>
</tr>
<tr>
<td>2014</td>
<td>$1.32</td>
</tr>
<tr>
<td>2013</td>
<td>$1.32</td>
</tr>
</tbody>
</table>

The Corporation announced a dividend of $0.16 per share to be paid on or before April 15, 2016 to holders of record at the close of business on March 31, 2016.

The Corporation has established a dividend reinvestment plan (the “Plan”) whereby Canadian resident shareholders will be able to designate that all or a portion of the quarterly distributions payable on their Common Shares be applied towards the purchase of additional Common Shares through the facilities of the Toronto Stock Exchange (“TSX”) at prevailing market prices. Participants in the plan will not pay administrative or brokerage costs associated with the purchase of Common Shares under the Plan. Additional information on the Plan may be found on Westshore’s website at www.westshore.com.

MARKET FOR SECURITIES

The Common Shares are listed and posted for trading on the TSX under the trading symbol “WTE”.

The following table shows the volume traded, the highest daily trading price and the lowest daily trading price in each month and the closing price on the last trading day of each month for the Common Shares on the TSX during the year ended December 31, 2015.

<table>
<thead>
<tr>
<th>Period</th>
<th>High</th>
<th>Low</th>
<th>Close</th>
<th>Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>33.45</td>
<td>30.07</td>
<td>32.00</td>
<td>1,755,335</td>
</tr>
<tr>
<td>February</td>
<td>32.71</td>
<td>31.37</td>
<td>32.43</td>
<td>1,572,179</td>
</tr>
<tr>
<td>March</td>
<td>32.53</td>
<td>29.96</td>
<td>31.23</td>
<td>1,964,641</td>
</tr>
<tr>
<td>April</td>
<td>32.74</td>
<td>30.56</td>
<td>31.91</td>
<td>1,311,118</td>
</tr>
<tr>
<td>May</td>
<td>34.24</td>
<td>31.92</td>
<td>33.19</td>
<td>1,601,982</td>
</tr>
<tr>
<td>June</td>
<td>32.77</td>
<td>30.07</td>
<td>30.41</td>
<td>2,627,329</td>
</tr>
<tr>
<td>July</td>
<td>31.48</td>
<td>27.19</td>
<td>28.89</td>
<td>3,244,193</td>
</tr>
<tr>
<td>August</td>
<td>28.78</td>
<td>23.44</td>
<td>26.49</td>
<td>2,605,593</td>
</tr>
<tr>
<td>September</td>
<td>26.63</td>
<td>24.38</td>
<td>25.40</td>
<td>4,038,305</td>
</tr>
<tr>
<td>October</td>
<td>28.33</td>
<td>21.20</td>
<td>21.81</td>
<td>4,329,308</td>
</tr>
<tr>
<td>November</td>
<td>22.91</td>
<td>18.30</td>
<td>18.68</td>
<td>5,510,841</td>
</tr>
</tbody>
</table>
## REGISTRAR AND TRANSFER AGENT

The Corporation’s registrar and transfer agent is Computershare Investor Services Inc. at its offices in Vancouver and Toronto.

## DIRECTORS

The following table sets out information concerning the Directors of the Corporation. A number of the Directors were previously Trustees of the Fund, the Corporation’s predecessor.

<table>
<thead>
<tr>
<th>Name and Residence</th>
<th>Principal Occupation(1)</th>
<th>Director/Trustee Since(2)</th>
<th>Common Shares Beneficially Owned or over which Control or Direction is Exercised(3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WILLIAM W. STINSON</td>
<td>Corporate Director</td>
<td>January 1997</td>
<td>45,993</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>M. DALLAS H. ROSS</td>
<td>Partner Kinetic Capital Partners, a private equity investment firm</td>
<td>December 1996</td>
<td>6,000</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GORDON GIBSON, OBC(4)</td>
<td>Corporate Director</td>
<td>June 2001</td>
<td>6,000</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MICHAEL J. KORENBERG(4)</td>
<td>Chairman, Canfor Corporation and Canfor Pulp Products Inc.</td>
<td>September 2001</td>
<td>10,000</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BRIAN CANFIELD, OBC(4)</td>
<td>Corporate Director</td>
<td>June 2012</td>
<td>7,100</td>
</tr>
<tr>
<td>Washington, United States</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DOUG SOUTER</td>
<td>Corporate Director</td>
<td>September 2012</td>
<td>3,400</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GLEN CLARK</td>
<td>President, The Jim Pattison Group</td>
<td>June 2013</td>
<td>Nil</td>
</tr>
<tr>
<td>British Columbia, Canada</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

NOTES:

(1) Each of the foregoing persons has been engaged in the occupation set forth above or similar occupations with the same employer for the last five years. Mr. Korenberg served as Deputy Chairman of The Jim Pattison Group for the past five years until his retirement on December 31, 2015.

(2) Each Director’s term of office expires at the 2016 Annual Meeting of the Corporation.

(3) As a group, the Directors beneficially own or exercise control or direction over less than 1% of the Common Shares.

(4) The Corporation has an audit committee comprised of Mr. Gibson, Mr. Korenberg and Mr. Canfield, but does not have an executive committee. The Directors participate in the review and approval of the Annual Report (including preparation and approval of the audited financial statements) and discussions with external auditors concerning the preparation of the Financial Statements.

## OFFICERS

William W. Stinson serves as Chief Executive Officer of the Corporation and Chair of the Board of Directors. M. Dallas H. Ross serves as the Corporation’s Chief Financial Officer.
AUDIT COMMITTEE

The Audit Committee is responsible for the functions set out in the charter of the Audit Committee included as Schedule A to this annual information form.

Composition of the Audit Committee

The audit committee is comprised of the members listed below. Mr. Gibson is the chairman of the Audit Committee. The Directors have determined that each member is an “independent” Director and is “financially literate” for the purposes of Multilateral Instrument 52-110 – Audit Committees. Beside each member’s name is such person’s education and experience relevant to such member’s performance as an audit committee member.

<table>
<thead>
<tr>
<th>Name</th>
<th>Relevant Education and Experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>GORDON GIBSON, OBC</td>
<td>Mr. Gibson is a corporate director and an author. From 1994-2005 he was a Senior Fellow in Canadian Studies at the Fraser Institute. In addition to being involved in various business ventures, he has served in a range of public service roles in the Government of Canada, including special assistant to the Prime Minister, and as a member of the British Columbia legislature. He has a B.Sc. (Honours) in Math and Physics from the University of British Columbia (1959) and a Master of Business Administration (with distinction) from Harvard University (1961).</td>
</tr>
<tr>
<td>West Vancouver, British Columbia</td>
<td></td>
</tr>
<tr>
<td>MICHAEL J. KORENBERG</td>
<td>Mr. Korenberg is currently the Chairman of Canfor Corporation, Canfor Pulp Products Inc., and Wreath Group Holdings Inc., an investing and M&amp;A company. Until December 31, 2015 he was Deputy Chairman &amp; Managing Director of The Jim Pattison Group and served in that capacity and previously as Vice-Chairman and Managing Director and other corporate roles since 1996. From 1993 to December 1995 he was Deputy Chairman &amp; Chief Operating Officer, Orca Bay Sports &amp; Entertainment. Prior to that he was a partner of Blake, Cassels &amp; Graydon, where he practiced in the Tax Group and then the Securities Group. He has taught the Advanced Securities Regulation course at Queen’s University Law School (1988 – 1989) and the Corporate Transactions course at the University of British Columbia Law School (1991 - 2014). He is a member of the Audit Committee and chair of the Capital Expenditure Committee of Canfor and Canfor Pulp, a former director and Chair of the Audit Committee of Slocan Forest Products Ltd., and director and member of the Audit Committee of Sun-Rype Products Ltd. He has a B.A. (with distinction) from Carleton University (1980), a J.D. from Osgoode Hall Law School (1983) and is a member of the Law Society of Upper Canada (1985 - present), the Law Society of British Columbia (1989 - present), and the Dean’s Advisory Committee for the National Centre for Business Law (UBC).</td>
</tr>
<tr>
<td>West Vancouver, British Columbia</td>
<td></td>
</tr>
<tr>
<td>BRIAN CANFIELD, OBC</td>
<td>Mr. Canfield was, until March 2014, the Chair of the board of directors of the TELUS Corporation. His career with TELUS spans more than 50 years, including almost a year serving as interim Chief Executive Officer of TELUS from September 1999 to July 2000, four years as Chair and Chief Executive Officer of BC TELECOM Inc., three years as President and Chief Executive Officer and one year as President and Chief Operating Officer. He retired as an executive of BC TELECOM Inc. in 1997. Mr. Canfield has also served on the board of directors for Suncor Energy Inc. and Canadian Public Accountability Board. He was named an Honorary Doctor of Technology by the British Columbia Institute of Technology in 1997. He has received a Fellowship Award from the Institute of Corporate Directors, and is a Member of the Order of British Columbia and the Order of Canada.</td>
</tr>
<tr>
<td>Point Roberts, Washington</td>
<td></td>
</tr>
</tbody>
</table>

External Auditor Service Fees (By Category)

The aggregate fees billed by the Corporation’s external auditor, KPMG LLP during the years ended December 31, 2015 and December 31, 2014 are as follows:

<table>
<thead>
<tr>
<th></th>
<th>Audit Fees</th>
<th>Tax Fees</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>$217,500</td>
<td>$185,000</td>
<td>-</td>
</tr>
</tbody>
</table>
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, no Director of the Corporation or person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over more than 10% of the outstanding Common Shares and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that has materially affected or is expected to materially affect the Corporation or Westshore, other than pursuant to the management services arrangements that will be disclosed in the Information Circular for the Corporation’s 2016 Annual Meeting.

MATERIAL CONTRACTS

During the most recently completed financial year, the Corporation and/or Westshore did not enter into any material contracts, other than contracts entered into in the ordinary course of business. The only material contracts entered into by the Corporation or Westshore since January 1, 2002 which are still in force are contracts entered into in the ordinary course of business.

INTERESTS OF EXPERTS

KPMG LLP is the Corporation’s auditor. To the knowledge of the Corporation, KPMG LLP holds no interest, directly or indirectly, in any securities or other property of the Corporation or Westshore.

CEASE TRADE ORDERS OR BANKRUPTCIES

Except as set forth below, to the knowledge of the Directors, no director of the Corporation is, as at the date of this Annual Information Form, or was within 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation), that:

(a) was subject to an order that was issued while the director or executive officer was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

For the purposes of this subsection, “order” means a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, and in each case that was in effect for a period of more than 30 consecutive days.

Mr. Stinson was a director of Grant Forest Products Inc. (“GFP”) until June 2010. On June 25, 2009, GFP obtained creditor protection from the Ontario Superior Court under the Company Creditors Arrangement Act (Canada) (“CCAA”). On September 20, 2013, GFP was adjudged bankrupt by order of the Ontario Superior Court.

Mr. Ross was a director of Catalyst Paper Corporation (“Catalyst”). He became a director in mid-2010 when Catalyst was contemplating a financial restructuring. Catalyst filed under the CCAA in January, 2012. Following its successful reorganization, Catalyst emerged from CCAA in October 2012, and Mr. Ross ceased being a director.

Except as set out above, no director of the Corporation, or Shareholder holding a sufficient number of securities of the Corporation to affect materially control of the Corporation:

(a) is, as at the date of this Annual Information Form, or has been within the 10 years before the date of this Annual Information Form, a director, chief executive officer or chief financial officer of any company (including the Corporation) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, become bankrupt, made a proposal under any legislation relating to
bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer or shareholder.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective Directors of the Corporation and Unitholders holding a sufficient number of securities of the Corporation to materially affect control of the Corporation.

**PENALTIES OR SANCTIONS**

No director or executive officer of the Corporation, or Shareholder holding a sufficient number of securities of the Corporation to affect materially the control of the Corporation, has been subject to:

(a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision regarding the Corporation.

The foregoing information, not being within the knowledge of the Corporation, has been furnished by the respective Directors of the Corporation and Shareholders holding a sufficient number of securities of the Corporation to affect materially control of the Corporation.

**ADDITIONAL INFORMATION**

Reference is made to the section of the Corporation’s 2015 Annual Report entitled “Management’s Discussion and Analysis” which provides additional financial information for the Corporation’s most recently completed financial year and is incorporated by reference herein. Additional information is contained in the financial statements of the Corporation for the period ended December 31, 2015, which are contained in the Corporation’s 2015 Annual Report and will be contained in the Information Circular to be filed in respect of the Corporation’s 2016 Annual Meeting. Additional information relating to the Fund, the Corporation and Westshore may be found on SEDAR at [www.sedar.com](http://www.sedar.com).
SCHEDULE A

WESTSHORE TERMINALS INVESTMENT CORPORATION

AUDIT COMMITTEE CHARTER

I. ORGANIZATION OF THE AUDIT COMMITTEE

1. The Audit Committee of Westshore Terminals Investment Corporation (the “Corporation”) shall be comprised of three or more directors of the Corporation, as determined by the directors of the Corporation (the “Directors”) from time to time. Each Committee member shall satisfy the independence, financial literacy and experience requirements of all applicable regulatory requirements, as such qualifications are interpreted by the Directors in the exercise of their sound business judgment.

2. The Audit Committee may form and delegate authority to subcommittees when appropriate.

II. PURPOSE OF THE AUDIT COMMITTEE

1. The purpose of the Audit Committee is to assist the Directors in fulfilling their oversight responsibilities with respect to (a) the integrity of the financial statements and other financial information provided by the Corporation to its shareholders, the public and others, (b) the qualifications and independence of the external auditors, (c) the performance of the internal control function of the Corporation and its subsidiaries and external auditors and (d) the adequacy of the internal controls of the Corporation and its subsidiaries.

2. Although the Audit Committee has the powers and responsibilities set forth in this Charter, the role of the Audit Committee is oversight. The members of the Audit Committee are not full-time employees of the Corporation or Westshore Terminals Ltd. (“Westshore”) and may or may not be accountants or auditors by profession or experts in the fields of accounting or auditing and, in any event, do not serve in such capacity. Consequently, it is not the duty of either the Audit Committee as a whole or any individual member thereof to conduct audits or investigations or to determine that the Corporation’s financial statements and disclosures are complete and accurate and are in accordance with either generally accepted accounting principles, any applicable rules and regulations, or the Corporation’s policies and procedures. These are the responsibilities of management and the external auditors.

III. MEMBERSHIP

1. Members shall be appointed by the Directors and shall serve until the earlier to occur of the date on which he or she shall be replaced by the Directors, resigns from the Committee, or ceases to be a Director of the Corporation.

2. The Directors shall appoint one of the Directors elected to the Committee as the Chairperson of the Committee. In the absence of the appointed Chairperson of the Committee at any meeting, the members shall elect a chairperson from those in attendance to act as chairperson of the meeting.

3. The secretary of the Committee shall be the Secretary of the Corporation, or such other person as nominated by the Directors.
IV. MEETINGS

1. The Committee shall meet as frequently as required, but at least quarterly. Meetings may be held in person and/or by telephone conference call. The Chairperson, with the assistance of management, shall prepare an agenda in advance of each meeting. A majority of the members of the Committee shall constitute a quorum and the act of a majority of the members present at a meeting where a quorum is present either in person or by telephone shall be the act of the Committee. The Committee may also act by unanimous written consent of its members. The Committee shall maintain minutes or other records of meetings and activities of the Committee.

2. The Committee shall, through its Chairperson, report to the Directors following the meetings of the Committee, addressing such matters as the quality of the Corporation’s financial statements, the performance and independence of the external auditors, the performance of any internal audit function and other matters related to the Committee’s functions and responsibilities.

3. Notice of a meeting of the Committee may be given orally or by letter, electronic mail, facsimile transmission or telephone not less than 24 hours before the time fixed for the meeting, unless such notice is otherwise waived in writing by all of the members of the Committee.

4. The Committee may invite such other persons to its meetings (including, without limitation, members of management) as it deems necessary and appropriate.

5. The external auditors should be invited to make presentations to the Committee as appropriate.

6. The Committee shall, at least annually, meet separately with the Corporation’s senior management to discuss any matters that the Committee or management believes should be discussed privately.

V. SPECIFIC RESPONSIBILITIES

The specific responsibilities of the Committee are as set out in this Section V.

A. INTERNAL CONTROL

1. Evaluating whether management is setting the appropriate “control culture” by communicating the importance of internal control and the management of risk and ensuring that all employees have an understanding of their roles and responsibilities.

2. Reviewing annually the adequacy and quality of the Corporation’s and Westshore’s financial and accounting staffing, the need for and scope of internal audit reviews, and the plan, budget and the designations of responsibilities for any internal audit.

3. Reviewing the performance and material findings of internal audit reviews.

4. Reviewing annually with the external auditors, any significant matters regarding the Corporation’s and Westshore’s internal controls and procedures over financial reporting that have come to their attention during the conduct of their annual audit, and review whether internal control recommendations made by the auditors have been implemented by management.
5. Reviewing major financial risk exposures and the guidelines and policies that management has put in place to govern the process of monitoring, controlling and reporting such exposures, other than those areas monitored by the Directors.

6. Establishing a “Whistleblower” policy which sets out procedures for the receipt, retention and treatment of any complaints received by the Corporation or Westshore regarding accounting, internal accounting controls or auditing matters, including procedures to enable confidential, anonymous submissions to be made by employees of Westshore concerning questionable accounting or auditing matters.

B. FINANCIAL REPORTING

General

1. Gaining an understanding of the current areas of greatest financial risk and how management is managing these areas of risk effectively.

2. Considering with the internal and external auditors any fraud, illegal acts, deficiencies in internal control or other similar issues.

3. Reviewing significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understanding their impact on the financial statements.

4. Reviewing any legal matters that could significantly impact the financial statements.

5. Directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation, including the resolution of any disagreements between management and the external auditor regarding financial reporting.

Annual Financial Statements

1. Reviewing the annual financial statements and determining whether they are complete and consistent with the information known to Committee members; assessing whether the financial statements reflect appropriate accounting principles.

2. Focusing on judgmental areas, for example those involving valuation of assets and liabilities; warranty, product or environmental liability; litigation reserves; and other commitments and contingencies.

3. Meeting with management and the external auditors to review the financial statements and the results of the audit.

4. Reviewing the other sections of the Corporation’s annual report before its release and considering whether the information is understandable and consistent with Committee members’ knowledge about the Corporation and Westshore and its operations.

Preliminary Announcements, Interim Financial Statements and Analysts’ Briefings

1. Remaining briefed on how management develops preliminary announcements (if applicable), interim financial information, MD&A statements, and analysts’ briefings; and the extent to which the external auditors review such information.
2. Assessing the fairness of the preliminary and interim statements and disclosures, and obtaining explanations from management and internal and external auditors on whether:

- actual financial results for the interim period varied significantly from budgeted or projected results;
- changes in financial ratios and relationships in the interim financial statements are consistent with changes in the Corporation’s and Westshore’s operations and financing practices;
- generally accepted accounting principles have been consistently applied;
- there are any actual or proposed changes in accounting or financial reporting practices;
- there are any significant or unusual events or transactions;
- the Corporation’s and Westshore’s financial and operating controls are functioning effectively;
- the preliminary announcements and interim financial statements contain adequate and appropriate disclosures; and
- there are any breaches of debt covenants.

3. Reviewing the Corporation’s financial statements, MD&A and annual and interim earnings news releases before they are publicly disclosed, all of which shall be ultimately reviewed and approved by the Directors.

4. Being satisfied that adequate procedures are in place for review of the Corporation’s public disclosure of financial information extracted or derived from the financial statements, other than those referred to in item 3 immediately above, and periodically assessing the adequacy of such procedures.

C. EXTERNAL AUDIT

1. Reviewing the external auditors’ proposed audit scope and approach and ensure no unjustified restrictions or limitations have been placed on the scope.

2. Reviewing the performance of the external auditors.

3. Considering the independence of the external auditor, including reviewing the range of services provided in the context of all consulting services bought by the Corporation or Westshore.

4. Making recommendations to the Directors regarding the reappointment and compensation of the external auditors.

5. Reviewing and approving the employment of any former partner or employee of the external auditor or a former external auditor.

6. Ensuring that significant findings and recommendations made by the external auditors are received and discussed on a timely basis.

7. Ensuring that management responds to recommendations by the external auditors.
8. Pre-approving all non-audit services to be provided by the external auditor\(^1\) to the Corporation or Westshore other than *de minimis* non-audit services referred to in section 2.4 of Multilateral Instrument 52-110.

D. REPORTING RESPONSIBILITIES

1. Regularly updating the Directors about Committee activities and making appropriate recommendations.

2. Ensuring the Directors are aware of matters that may significantly impact the financial condition or affairs of the Corporation or Westshore.

3. Reviewing and updating the Audit Committee Charter and receiving any approved changes from the Directors.

4. Evaluating the Committee’s own performance on a regular basis.

VI. AUTHORITY

The Directors grant authority to the Committee, within the scope of its responsibilities, to:

1. Seek any information it requires from any employee of the Corporation or Westshore (and all employees are directed to co-operate with any request made by the Committee) or external parties.

2. Obtain outside legal or other professional advice as deemed necessary and to set and authorize the compensation to be paid to such advisors.

3. Ensure the attendance of management at meetings of the Committee as appropriate.

4. Communicate directly with the external auditors or any internal auditors.

Adopted October 4, 2010
Last Review March 20, 2016

\(^1\) This responsibility may be delegated to one or more independent members of the Committee as outlined in Multilateral Instrument 52-110, provided that any such pre-approval is presented to the Committee at its first scheduled meeting following such pre-approval.