



# Westshore Terminals Income Fund

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***For Immediate Release***

## **Q4 2009 ANNOUNCEMENTS**

December 15, 2009

**Vancouver, British Columbia** – Westshore Terminals Income Fund (TSX: WTE.UN) (the “Fund”) announced today that a cash distribution of \$29,700,006 (representing \$0.40 per trust unit) will be paid on or before January 15, 2010 to unitholders of record on December 31, 2009, as compared to \$39,352,508 (representing \$0.53 per trust unit) for the same period in 2008.

For 2009, total cash distributions will be \$1.24 per unit as compared to \$1.80 per unit in 2008.

For the fourth quarter of 2009, Westshore anticipates that its tonnage throughput will be approximately 5.0 million tonnes as compared to 5.3 million tonnes for the same period in 2008. Tonnage throughput to December 31, 2009 is anticipated to be approximately 20 million tonnes as compared to 21.1 million tonnes shipped in 2008.

The agreement that covers coal from the Elkview mine expires on March 31, 2010. Discussions have commenced concerning a replacement contract. There can be no assurance that the contract will be renewed, or that, if the contract is renewed, its terms, including provisions relating to volume and rate, will be the same as those of the expiring contract. For 2009, the Elkview contract is anticipated to represent approximately 29% of Westshore’s coal loading revenues. Teck holds a 46% interest in the company that owns the Neptune terminal, which is Westshore’s most direct competitor.

For 2010, coal volumes could vary materially depending on the resolution of the agreement with Teck for the Elkview mine and on opportunities for additional coal from other customers. With the completion of the capital upgrade project, now anticipated for January 2010, the throughput capacity of the terminal is estimated to be 29 million tonnes. Based on information currently available to Westshore, throughput volumes for 2010 (and notwithstanding the possible termination of the Elkview contract) are expected to be at approximately the same levels as 2009, and could well exceed these levels as a result of a variety of opportunities being pursued.

In view of a number of critical matters facing Westshore and the Fund over the next few years, including several key customer contract renegotiations and the restructuring of the Fund itself, and given the Fund’s full support of Westar Management Ltd.’s (the “Manager”) successful efforts in managing the business of Westshore and the Fund over the last thirteen years, it was determined after discussions between the Fund and the Manager to confirm the first renewal option at this time under the Management Agreement (and related agreements). As a result, the term will now extend to January 31, 2017. The Management Agreement between Westshore Terminals Limited

Partnership and the Manager (which is a subsidiary of The Jim Pattison Group) had an initial term of 15 years to January 30, 2012, with automatic renewals for successive periods of five years unless the Fund's nominees on the board of the General Partner of the Partnership ("GP Co") determined to terminate the agreement on at least one year's notice, which would have to be given before January 30, 2011.

In conjunction with the renewal, certain modifications were made to the Management Agreement including: no termination by the Manager until post June 30, 2013; the base fees, which were set in 1997 and which have not increased since, will remain as such until January 1, 2012 and then be adjusted to reflect an inflation increase since 1997 and to provide for similar escalations in the future; and a change in the basis for the computation of the incentive fees.

The current distribution-based incentive fees (set in 1997) commence at 15% of distributions over \$1.035 per unit and rise to 35% of distributions over \$1.26 per unit and have no cap. Commencing January 1, 2011, the incentive fee will be based on a percentage of free cash flow above \$42 million, starting at 1.5% and rising to 6%, subject to an annual cap on the incentive fee of \$5 million.

The Governance Agreement between the Fund and the Manager has also been modified. Since 1997, it has provided that three of the five directors of the Board of GP Co will be nominated by the Manager, which will now change so that three of seven directors of GP Co will be nominated by the Manager commencing January 1, 2011.

The Fund is exploring options in regards to the most appropriate course of action to deal with the change in tax laws applicable to income trusts which take effect January 2011.

*For further information, please contact:*

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