



Westshore Terminals Income Fund

Executive Office

1800 – 1067 West Cordova Street
Vancouver, B.C.
Canada V6C 1C7

Telephone: (604) 688-6764
Fax: (604) 687-2601

For Immediate Release

2010 FIRST QUARTER REPORT

May 6, 2010

Vancouver, British Columbia – Westshore Terminals Income Fund (TSX: WTE-UN) announced today its earnings for the first quarter ending March 31, 2010. Please see attached Report to Unitholders for details.

For further information, please contact:

Nick Desmarais
Secretary
(604) 488-5214



Westshore Terminals Income Fund

First Quarter Report

For the three months ended March 31, 2010

The earnings and distributable cash of Westshore Terminals Income Fund (the “Fund”) are wholly dependent on the results of Westshore Terminals Limited Partnership (“Westshore”). Westshore’s results are determined largely by the volume of coal shipped by its coal mine customers for sale in the export market, the US dollar denominated price received by Westshore’s customers for coal, the CDN/US dollar exchange rate and Westshore’s costs. In recent years, a substantial portion of Teck Coal’s throughput was handled at loading rates that varied with the price of coal. However, as a result of a recently concluded agreement with Teck, a smaller portion of Teck’s throughput will be at variable loading rates in 2010, and for the 2011/12 coal year none of the contracts with Teck will provide for variable pricing. Lower prices for hard coking coal resulted in Teck, which is Westshore’s principal customer, achieving lower average settlement prices for the 2009/10 coal year (ended March 31, 2010) compared to the 2008/09 coal year. For the 2010/11 coal year, prices that have been publicly announced to date, including in Teck’s release dated April 20, 2010, reflect increased coal prices in the US\$200-\$235 per tonne range. As Westshore has some exposure to fluctuations in exchange rates (as a result of pricing mechanisms under its customer contracts), Westshore engages in periodic currency hedging arrangements to provide some partial shielding from material short-term swings in the CDN/US dollar exchange rate.

Westshore Terminals Income Fund Management’s Discussion and Analysis of Financial Condition and Results of Operations

This management’s discussion and analysis refers to certain measures other than those prescribed by Canadian Generally Accepted Accounting Principles (“GAAP”). These measures do not have standardized meanings and may not be comparable to similar measures presented by other trusts or corporations. They are however determined by reference to the Fund’s financial statements. These non-GAAP measures are discussed because the Fund believes that they provide investors with valuable information in understanding the results of the Fund’s operations and financial position. The unaudited financial results along with management’s discussion and analysis contained in this report should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Fund’s Annual Report for the year ended December 31, 2009. The date of this management’s discussion and analysis and results of operations is May 6, 2010.

The following table sets out selected consolidated financial information for the Fund for the quarter ended March 31, 2010. As at May 6, 2010 the Fund has 74,250,016 issued and outstanding trust units.

<i>(In thousands of dollars except per unit amounts)</i>	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
	\$	\$
REVENUE		
Coal loading	52,140	53,647
Other	1,175	1,050
	53,315	54,697
EXPENSES		
Operating	20,993	17,624
Administrative	3,750	2,324
	24,743	19,948



Westshore Terminals Income Fund

(In thousands of dollars except per unit amounts)

	Three Months Ended March 31, 2010 \$	Three Months Ended March 31, 2009 \$
Earnings before the undernoted	28,572	34,749
Interest income	62	155
Depreciation	(5,247)	(5,401)
Foreign exchange gain (loss)	206	(3,002)
Earnings before income taxes	23,593	26,501
Provision for income taxes	330	827
Net earnings	23,263	25,674
Net earnings per unit⁽¹⁾	0.313	0.346
Cash Distributions declared⁽²⁾	31,185	17,820
Cash Distributions per unit	0.420	0.240
Distribution of units in lieu of cash	-	2,790
Distribution of units in lieu of cash per unit	-	0.038

(1) Weighted average units outstanding for the quarter ended March 31, 2010 were 74,250,016 (March 31, 2009 – 74,250,016).

(2) Refer to page 6 for a comparison of cash distributions to Standardized Distributable Cash.

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

(In thousands of dollars except per unit amounts)

	Three Months Ended			
	Mar 31, 2010 \$	Dec 31, 2009 \$	Sep 30, 2009 \$	Jun 30, 2009 \$
Revenue				
Coal loading	52,140	46,445	46,460	57,375
Other	1,175	1,029	833	939
	53,315	47,474	47,293	58,314
Expenses				
Operating	20,993	22,172	19,323	16,593
Administration	3,750	4,513	1,862	1,290
	24,743	26,685	21,185	17,883
Earnings before the undernoted	28,572	20,789	26,108	40,431
Interest income	62	71	74	73
Depreciation	(5,247)	(5,416)	(5,281)	(5,281)
Foreign exchange gain (loss)	206	564	(219)	8,704
Earnings before income taxes	23,593	16,008	20,682	43,927
Provision for (recovery of) income taxes	330	(2,406)	446	1,121
Net earnings	23,263	18,414	20,236	42,806
Net earnings per unit	0.313	0.248	0.273	0.576
Cash Distributions declared⁽¹⁾	31,185	29,700	23,760	20,790
Cash Distributions per unit	0.420	0.400	0.320	0.280
Distribution of units in lieu of cash	-	4,650	3,720	3,255
Distribution of units in lieu of cash per unit	-	0.062	0.050	0.044

(1) Refer to page 6 for a comparison of cash distributions to Standardized Distributable Cash.



Westshore Terminals Income Fund

(In thousands of dollars except per unit amounts)

	Three Months Ended			
	Mar 31, 2009	Dec 31, 2008	Sep 30, 2008	Jun 30, 2008
	\$	\$	\$	\$
Revenue				
Coal loading	53,647	88,425	73,764	62,762
Other	1,050	1,039	942	1,037
	54,697	89,464	74,706	63,799
Expenses				
Operating	17,624	18,471	20,470	19,534
Administration	2,324	8,076	7,228	6,982
	19,948	26,547	27,698	26,516
Earnings before the undernoted	34,749	62,917	47,008	37,283
Interest income	155	339	530	434
Depreciation	(5,401)	(5,573)	(5,572)	(5,572)
Foreign exchange gain (loss)	(3,002)	(15,588)	(934)	(67)
Earnings before income taxes	26,501	42,095	41,032	32,078
Provision for income taxes	827	613	870	190
Net earnings	25,674	41,482	40,162	31,888
Net earnings per unit	0.346	0.559	0.541	0.429
Cash Distributions declared⁽¹⁾	17,820	39,353	38,610	34,897
Cash Distributions per unit	0.240	0.530	0.520	0.470
Distribution of units in lieu of cash	2,790	3,988	3,913	3,536
Distribution of units in lieu of cash per unit	0.038	0.054	0.053	0.047

(1) Refer to page 6 for a comparison of cash distributions to Standardized Distributable Cash.

Results of Operations

In the first quarter of 2010, Westshore shipped 6.1 million tonnes of coal, compared with 4.4 million tonnes shipped during the same period in 2009, an increase of 39%. Based on information currently available, Westshore is anticipating coal volumes to be in excess of 22 million tonnes in 2010 as a whole compared to 20 million tonnes in 2009, and at a lower average loading rate.

Coal loading revenue decreased by 3% to \$52.1 million in the first quarter of 2010 from \$53.6 million in the first quarter of 2009. The decrease in revenue was due to a decrease in the average loading rate and despite a 39% increase in volumes. The average loading rate in the first quarter of 2010 was \$8.53 per tonne compared to \$12.20 per tonne for the same period in 2009. Lower rates in Q1 2010 reflect the lower coal prices for the 2009/10 coal contract year, ended March 31, 2010 compared to the 2008/09 coal contract year ended March 31, 2009.

Other income was consistent with that of the first quarter of 2009 and consisted mostly of wharfage income. Operating expenses increased from \$17.6 million in the first quarter of 2009 to \$21.0 million in the first quarter of 2010, as a result of higher throughput. Administration expenses were \$3.8 million in the first quarter of 2010 compared to \$2.3 million in the first quarter of 2009 as a management incentive fee was accrued in 2010 whereas no accrual was made in 2009. Interest income for the first quarter of 2010 was consistent with that of the first quarter of 2009 as interest rates are still at low levels.



Foreign exchange, which includes both realized gains/losses and changes in the mark-to-market adjustment for unrealized gains/losses, increased to a \$0.2 million gain for the three months ended March 31, 2010 from a \$3.0 million loss in the first quarter of 2009. This increase was mainly caused by an improvement in the realized foreign exchange losses (see Currency Fluctuations).

Earnings before depreciation, interest, foreign exchange and income taxes were lower in the first quarter of 2010, at \$28.6 million as compared to \$34.7 million in the first quarter of 2009.

Taxation on Trusts in Canada

Bill C-52 *Budget Implementations Act*, 2007 contains legislative provisions to tax publicly traded income trusts in Canada. Under these rules, distributions declared by the Fund after January 1, 2011 will be taxed at a rate of 26.5% (2012 – 25%) and the distributions will be treated as taxable dividends in the hands of unitholders. Unitholders will be entitled to a dividend tax credit which will give credit for the level of taxation incurred by the Fund. The Fund is currently exploring possible changes to its structure as a result of these rules. Further announcements of the Fund's intended actions will be provided at a later date when planning has been finalized.

The Fund has not provided for current income taxes in 2010 as the income of the Fund is distributed to and taxed in the hands of unitholders. The future taxation of distributions makes relevant for accounting purposes the timing differences between the recognition of certain assets and liabilities for tax and accounting purposes. A non-cash expense of \$0.3 million has been recorded in the quarter ended March 31, 2010 to reflect changes in assets and liabilities and their expected recognition for tax purposes. This future income tax expense does not affect current distributions.

Distribution Reinvestment Plan

On April 5, 2007 the Fund announced a distribution reinvestment plan (the "Plan"). Under the Plan, Canadian resident unitholders will be able to designate that all or a portion of the quarterly distributions payable on their Fund Units be applied towards the purchase of existing Fund Units through the facilities of the Toronto Stock Exchange at prevailing market prices. No additional units will be issued from treasury under the Plan. Unitholders should contact their brokers or Computershare Investor Services Inc. if they wish to participate in the Plan. Additional information on the Plan is also available on the Fund's website at www.westshore.com.

Currency Fluctuations

Westshore expects that, in the coal year commencing April 1, 2010 (for the 2010/11 coal year), loading rates for approximately 35% of the coal loaded at Westshore will be at fully variable rates and depend on the prices realized for coal by its customers, (including shipments from US customers). That portion is expected to be materially lower than the portion of the throughput that was at variable rates in 2009. Coal sales by Westshore's customers are priced on an annual basis in US dollars, with the result that the Canadian dollar price received fluctuates within the year because of exchange rate movements. To mitigate the resulting risk, Westshore has engaged in periodic hedging activities. Westshore has adopted a policy under which it expects to hedge by April 30 of each year a portion of its anticipated US dollar related revenues for that coal year, based on the annual budget. Westshore will continue to review the need for additional future hedging.



Westshore Terminals Income Fund

In the financial statements, currency fluctuations are shown as affecting coal loading revenues before taking into account hedging activities, the financial effect of which is accounted for as foreign exchange. As Westshore's hedging transactions do not qualify for "hedge accounting" treatment, the value of Westshore's outstanding foreign exchange contracts must be "marked to market" at each period end.

<i>(In thousands of dollars)</i>	Three Months Ended	
	Mar 31	
	2010	2009
	\$	\$
Realized foreign exchange gains (losses)	(104)	(5,282)
Unrealized foreign exchange gains	310	2,280
Net foreign exchange gains (losses)	206	(3,002)

The Q1 unrealized foreign exchange gains have resulted from the weakening of the US/CDN dollar exchange rate in the quarter which increased the mark-to-market value of the outstanding forward exchange contracts. Unrealized foreign exchange gains and losses are non-cash items and do not impact current distributions.

Realized foreign exchange gains or losses affect cash flow and therefore impact unitholder distributions. The realized foreign exchange losses for the current year arose on cash balances held in foreign currencies, offset by gains realized on settled forward exchange contracts. This is a significant improvement over the prior year when the settlement of forward exchange contracts resulted in significant losses.

Liquidity and Capital Resources

The Fund generally distributes to Unitholders its income net of administrative costs of the Fund but the Fund has no fixed distribution requirements, distributions being solely a function of amounts received by the Fund from Westshore. It is not anticipated that the Fund will require significant capital resources to maintain its investment in Westshore on an ongoing basis or to meet working capital requirements. Westshore's facility is a mature facility which does not require significant ongoing replacement of equipment. As a result, the Fund does not anticipate any liquidity concerns with the ongoing operations of Westshore.

During Q1 2010, Westshore extended the term (to February 11, 2011) of its \$1 million operating facility with a Canadian chartered bank which, if required, can be utilized to meet working capital requirements. This facility was not used during the first quarter and remained undrawn at March 31, 2010. Westshore's distribution policy involves leaving sufficient earnings before depreciation and unrealized gains or losses on forward exchange contracts to cover cash requirements such as capital expenditures and pension contributions.

Westshore has an obligation to fund its pension plans in accordance with the plans' actuarial valuations. Westshore is anticipating its funding requirements in 2010 to be consistent with 2009 levels. Westshore does not anticipate any problems in meeting these obligations.



Westshore Terminals Income Fund

Obligations under operating leases for the years ending December 31 are as follows:

<i>(In thousands of dollars)</i>	Terminal lease \$	Other \$	Total \$
2010	11,665	448	12,113
2011	11,665	246	11,911
2012	11,665	246	11,911
2013	11,665	-	11,665
2014	11,665	-	11,665
Thereafter to 2026	139,980	-	139,980

The Fund does not have any long-term debt, material capital lease obligations, or other long-term obligations.

Quarterly Distributions

On April 15, 2010, the Fund distributed \$31,185,007 (representing \$0.42 per trust unit) to unitholders of record on March 31, 2010 as compared to \$17,820,004 (representing \$0.24 per trust unit) for the same period in 2009. \$0.285 per unit of the Q1 2010 distribution is derived from the results of operations of Westshore in the current period, and the remaining \$0.135 per unit comes from Westshore's cash reserves.

Standardized Distributable Cash

References to "Standardized Distributable Cash" are to cash from operating activities less capital expenditures, both measures recognized under GAAP. Standardized Distributable Cash is a financial measure that indicates the Fund's ability to make distributions. It is a measure that has been recommended by the CICA's Canadian Performance Reporting Board for use by income funds in Canada as an indicator of financial performance. As one of the factors that may be considered relevant by investors is the cash available to be distributed by the Fund relative to the price of the Units, the Fund believes that Standardized Distributable Cash is a useful supplemental measure that may assist investors to assess an investment in the Units.

The Standardized Distributable Cash of the Fund is substantially comprised of distributions from Westshore which are impacted by the operating results of Westshore. The following table sets out the Standardized Distributable Cash calculation for the three month periods ended March 31, 2010 and 2009.

<i>(In thousands of dollars)</i>	Three Months Ended March 31	
	2010 \$	2009 \$
Cash flows from operating activities	44,061	28,169
Less: Capital expenditures	(1,628)	(32)
Standardized Distributable Cash	42,433	28,137
Cash Distributions declared	31,185	17,820
Basic and diluted Standardized Distributable Cash per unit	0.571	0.379
Cash Distributions per unit	0.420	0.240



Quarterly cash distributions will typically differ from Standardized Distributable Cash as the Fund bases its quarterly distributions on anticipated taxable income for the year in question and does not adjust them for fluctuations in working capital, which contributed significantly to cash flow from operations in the first quarter of 2010. Quarterly cash distributions are also impacted by the Fund's desire to provide smoother distributions throughout the year, and in Q1 2010 a portion of cash flow from operations was withheld for that purpose. Any particular quarterly distribution may therefore vary from Standardized Distributable Cash flow for that quarter. A portion of these differences was offset in Q1 2010 by the additional distribution of \$0.135 per unit from the Fund's cash reserves.

Because the Fund's investments consist of substantially all the limited partnership units of Westshore, virtually all of the taxable income of Westshore for any year is automatically allocated to the Fund. It is normal for there to be some discrepancy between the taxable income of the Fund and cash distributions by the Fund. In order to deal with the situation where the taxable income of the Fund exceeds cash distributions, the Declaration of Trust provides that an amount equal to the excess will be distributed to unitholders in the form of additional trust units, which are then consolidated. The amount of any such distributions is then added to the cost base of the units.

Critical Accounting Estimates

Plant and equipment: Depreciation

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight line method over the estimated useful production life of the assets. The estimated useful lives of plant and equipment range from 3 to 35 years. A change in the estimated useful lives of plant and equipment could result in either a higher or lower depreciation charge to net earnings.

Goodwill

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

Employee Future Benefits

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



Provisions for Estimated Liabilities

Westshore makes certain provisions, including its portion of ship demurrage and train detention costs, which are often not finally determined until well after the year-end.

Westshore's customers incur demurrage penalties if a ship being loaded with their coal is not loaded within a specified number of hours after it is ready to load at the Terminal. They also receive credits for early completion of loading, but only at half the hourly rate of the demurrage penalty. Westshore shares these penalties and credits in respect of certain mines, except in certain situations where the customer bears the entire penalty and receives the entire credit. One such situation is if the coal to be loaded on the vessel is not at the Terminal when the vessel arrives. In Q1 2010, Westshore incurred \$1.1 million in ship demurrage charges compared to \$0.4 million in the same period in 2009. Under the new contract covering the Elkview, Line Creek and Cheviot mines, Westshore will not share demurrage (nor rail detention, referred to below), unlike under the Elkview contract which expired March 31, 2010.

The railways that deliver coal to the Terminal also claim detention charges from Westshore's customers in respect of any delays beyond a specified number of hours that occur between the commencement of loading at the mine and the completion of unloading at the Terminal. The railways also grant credits in respect of trains that complete the process in less than the specified number of hours. With certain exceptions, Westshore also shares these charges and credits in respect of certain mines. The cost to Westshore for train detention was \$0.6 million in Q1 2010, compared to \$0.2 million in the same period in 2009.

While Westshore endeavours to ensure that provisions are reasonable in the circumstances, actual costs may be greater or less than the provisions made for those costs.

International Financial Reporting Standards (IFRS)

The use of IFRS for financial reporting in Canada will be applicable for the fiscal year beginning January 1, 2011. The Fund's IFRS transition plan consists of three main phases – Scoping, Analysis and Implementation. The Scoping phase involves a high-level analysis of the significant accounting differences between IFRS and Canadian GAAP and determining the potential impact of the new accounting standards on business areas such as information technology, internal controls and disclosure controls. The Analysis phase involves a more comprehensive analysis of the accounting standards, including the development of accounting policies and the quantification of the conversion impact. The Implementation phase executes the changes identified in the Analysis phase.

The Fund has completed the Scoping phase, and both the Analysis and Implementation phases are in progress. The Fund has made an initial determination of which IFRS 1 elections will be utilized and which accounting policies will be adopted under IFRS. The financial impact on the opening balance sheet under IFRS on January 1, 2010 has been estimated but is not yet finalized. The fund is also analyzing how IFRS will impact financial statement disclosure and presentation. A more in-depth discussion of the expected accounting changes follows after the transition plan summary.



Westshore Terminals Income Fund

The following table highlights some of the key activities in the transition plan and expected completion dates.

Key Activity	Milestones	Status
<i>Financial statement preparation</i>		
<ul style="list-style-type: none"> • Identification of significant accounting differences • Selection of accounting policy choices • Selection of choices available under IFRS 1 (first-time adoption) • Financial statement format • Changes in disclosure 	<p>Identification of major differences and accounting policy choices made by the end of 2009</p> <p>Quantification and development of disclosure to occur through 2010</p>	<p>Identification of major accounting differences completed</p> <p>Completed initial determination of accounting changes as of January 1, 2010 and utilization of IFRS 1 elections (still subject to change)</p> <p>Accounting policy choices made, subject to any future pronouncements issued by IASB</p> <p>IFRS accounting being done simultaneously with Canadian GAAP accounting</p> <p>Detailed analysis underway for financial statement disclosure options</p> <p>Preparing rough drafts of IFRS-compliant financial statements</p>
<i>Infrastructure</i>		
<ul style="list-style-type: none"> • Development of knowledge and resources • IT impact assessment and conversion 	<p>Major knowledge training completed by end of 2009; new developments monitored throughout 2010</p> <p>IT systems ready to process information in parallel in 2010</p>	<p>Formal course training completed and more courses being attended throughout 2010</p> <p>Regular updates provided to the audit committee</p> <p>IASB activity being monitored on ongoing basis</p> <p>IT system accounting for the Fund's activities under both Canadian GAAP and IFRS for 2010</p>
<i>Control Environment</i>		
<ul style="list-style-type: none"> • Assessment of impact on ICFR and DC&P • Changes in processes to accommodate IFRS • Documentation requirements 	<p>Processes and documentation to be complete by end of 2010</p>	<p>Impact assessment started</p> <p>Processes and policies being evaluated and amended to accommodate accounting policy choices</p>
<i>Business Policy</i>		
<ul style="list-style-type: none"> • Assessment of impact on financial covenants • Assessment of impact on capital adequacy 	<p>Assessment to be complete by mid-2010</p>	<p>Initial impact assessment has been completed with respect to draft transition balance sheet</p> <p>Impact assessment to be monitored throughout 2010</p>



Financial Statement Impact – IFRS 1

The Fund expects to use the IFRS 1 elections available for business combinations, leases, employee benefits, decommissioning liabilities and borrowing costs.

The employee benefits election will result in immediate recognition of all unamortized gains or losses on pension and non-pension post-retirement benefits with a corresponding adjustment to equity, thereby recognizing the plans' funded position on the balance sheet. This change will also have an impact on future income taxes.

The borrowing costs election allows the Fund to capitalize interest costs for constructed assets on a prospective basis. This will not have any immediate impact on the financial statements but could have a material effect if Westshore undertakes any significant capital projects using borrowed funds.

The remaining elections allow the Fund to avoid retrospective application for certain accounting standards and should not result in any material changes.

IFRS – Accounting Policies and Choices

To date, the Fund has identified one accounting policy choice which is significantly different from the Fund's current accounting policies. Under IAS 19 *Employee Benefits*, there are several options for the recognition of actuarial gains and losses for defined benefit pension plans. The Fund intends to recognize these actuarial gains and losses immediately as they occur with changes being recorded through other comprehensive income. This is a departure from the Fund's current accounting practice of amortizing actuarial gains and losses over the average remaining service life of the employees. The Fund is still finalizing the impact of IAS 19 and IFRIC 14 on the opening balance sheet and the 2010 first quarter results

IAS 19 requires past service costs for defined benefit pension plans to be amortized through net income over the vesting period. IAS 19 also requires the immediate recognition of actuarial gains and losses through net income for non-pension post-retirement benefits. Under Canadian GAAP, both of these types of costs are amortized through net income over the average remaining service life of the employees which is a much longer period of time.

In previous quarters, the Fund noted certain IFRS that could have an impact on the financial statements. The Fund does not expect any significant changes from the adoption of the following IFRS except as noted:

- *IAS 12 Income Taxes* – any future income taxes attributable to actuarial gains and losses on employee future benefits will be recorded through other comprehensive income
- *IAS 16 Property, Plant and Equipment*
- *IAS 36 Impairment of Assets*
- *IAS 37 Provisions, Contingent Liabilities and Contingent Assets* – provisions must be disclosed separately so there are some potential disclosure changes

The accounting standards under IFRS continue to evolve and future changes could result in the identification of new financial statement impacts not previously noted or could require a revision to the financial statement impacts previously disclosed.



Outlook

The Fund's cash inflows are entirely dependent on Westshore's operating results and are significantly influenced by four variables: the volume of coal shipped through the Terminal; the US dollar denominated price received by Westshore's customers for that coal; the CDN/US dollar exchange rate; and Westshore's operating and administrative costs. In view of differences in loading rates between its various contracts, Westshore cannot provide a reliable indication of the effect of changes in pricing, exchange rates and tonnage on distributions, which will depend in part on which mines ship the tonnage. Accordingly, Westshore is not providing a discussion of sensitivities.

Critical to Westshore's ongoing success will be the ability of its customers, including Teck in particular, to maintain and increase their coal export volumes while competing with other suppliers for sales worldwide. Based on information currently available, Westshore anticipates 2010 throughput volumes to be in excess of 22 million tonnes, compared to 2009 levels of 20 million tonnes, and at a lower average loading rate than in 2009.

For the 2010/11 contract year and based on current tonnage estimates as of the date of this report, tonnages shipped at fixed rates are expected to account for approximately 65% of the Terminal's throughput and tonnages shipped at variable rates are expected to account for approximately 35% of throughput at the Terminal.

The first quarter distribution was \$0.42 per unit compared to \$0.24 per unit for the first quarter of 2009. If distributions for the 2010 calendar year exceed \$1.035 per unit, incentive fees will be payable by Westshore to the Manager under the Management Agreement, as was the case in 2009. For 2010, those fees are computed on the following basis: 15% of Fund distributable cash between \$1.035 - \$1.125 per unit; 25% of Fund distributable cash between \$1.125 - \$1.260 per unit; and 35% of Fund distributable cash above \$1.260 per unit. The basis for computation will change in 2011, as disclosed in the Fund's 2009 Annual Report.

The percentage of throughput shipped at variable rates is expected to decline significantly in 2010 as compared to 2009, and to decline further in 2011.

Forward-looking Statements

The foregoing statements concerning tonnages, coal prices, exchange rates, loading rates and variability of distributions are forward-looking statements but reflect the current expectations of the Fund and Westshore with respect to future events and performance. Wherever used, the words "may," "will," "anticipate," "intend," "expect," "plan," "believe," and similar expressions identify forward-looking statements. 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.

Forward-looking statements are based on information available at the time they are made, assumptions made by management, and management's good faith belief with respect to future events, and will be impacted by and are subject to the risks and uncertainties outlined in the Fund's 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.



Additional Information

Additional information relating to the Fund, including the Fund's latest Annual Report and Annual Information Form, are available on SEDAR at www.sedar.com and on Westshore's website at www.westshore.com.

On behalf of the Trustees,

William W. Stinson
Chairman
May 6, 2010



Westshore Terminals Income Fund

Financial Statements

Consolidated Balance Sheets

(in thousands of dollars)

	March 31, 2010	December 31, 2009
	\$	\$
	(Unaudited)	(Audited)
ASSETS		
Current assets		
Cash and cash equivalents	94,219	81,486
Accounts receivable	8,789	19,512
Inventories	6,684	6,284
Prepaid expenses	2,959	684
Other assets	2,827	2,517
	<u>115,478</u>	<u>110,483</u>
Plant and equipment		
At cost	517,879	516,251
Accumulated depreciation	(412,927)	(407,680)
	<u>104,952</u>	<u>108,571</u>
Employee future benefits	24,361	24,168
Goodwill	365,541	365,541
	<u>610,332</u>	<u>608,763</u>
LIABILITIES & UNITHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities	23,456	16,348
Distribution payable to unitholders	31,185	29,700
	<u>54,641</u>	<u>46,048</u>
Employee future benefits	22,691	22,118
Future income taxes	9,011	8,680
	<u>86,343</u>	<u>76,846</u>
Unitholders' equity		
Capital contributions	704,032	704,032
Cumulative earnings	749,643	726,380
Cumulative distributions declared	(929,686)	(898,495)
	<u>523,989</u>	<u>531,917</u>
	<u>610,332</u>	<u>608,763</u>



Westshore Terminals Income Fund

Financial Statements

Consolidated Statements of Earnings, Comprehensive Earnings and Cumulative Earnings

(in thousands of dollars, except per unit amounts)

	Three months ended March 31	
	\$	
	2010	2009
	(Unaudited)	(Unaudited)
REVENUE		
Coal loading	52,140	53,647
Other	1,175	1,050
	53,315	54,697
EXPENSES		
Operating	20,993	17,624
Administrative	3,750	2,324
	24,743	19,948
Earnings before the undernoted	28,572	34,749
Interest income	62	155
Depreciation	(5,247)	(5,401)
Foreign exchange gain (loss)	206	(3,002)
Earnings before income taxes	23,593	26,501
Provision for income taxes	330	827
Net earnings and comprehensive earnings for the period	23,263	25,674
Cumulative earnings - Beginning of period	726,380	619,251
Cumulative earnings - End of period	749,643	644,925
Basic and diluted earnings per trust unit	0.313	0.346
Weighted average number of trust units outstanding	74,250,016	74,250,016



Westshore Terminals Income Fund

Financial Statements

Consolidated Statements of Cash Flows

(in thousands of dollars)

	Three months ended March 31	
	\$	
	2010	2009
	(Unaudited)	(Unaudited)
Cash flows from operating activities		
Net earnings for the period	23,263	25,674
Items not affecting cash		
Change in unrealized gains and losses on forward exchange contracts	(310)	(2,280)
Depreciation	5,247	5,401
Future income tax provision	330	827
Increase (decrease) in employee future benefits costs	380	(1,652)
	28,910	27,970
Decrease in non-cash working capital	15,151	199
	44,061	28,169
Cash flows from financing activities		
Distributions paid to unitholders	(29,700)	(39,353)
	(29,700)	(39,353)
Cash flows from investing activities		
Additions to plant and equipment	(1,628)	(32)
	(1,628)	(32)
Increase (decrease) in cash and cash equivalents	12,733	(11,216)
Cash and cash equivalents - Beginning of period	81,486	75,034
Cash and cash equivalents - End of period	94,219	63,818
Supplemental cash flow information		
Cash received for interest	62	155



Westshore Terminals Income Fund

Notes to Financial Statements

Notes to Financial Statements

1. Basis of presentation

These interim financial statements do not contain all the information required for annual financial statements and should be read in conjunction with the financial statements and notes included in the Fund's Annual Report for the year ended December 31, 2009. These interim financial statements have not been audited or reviewed by external auditors.

2. Significant accounting policies

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as set out in Note 2 of the Fund's annual financial statements for the year ended December 31, 2009.

3. New accounting pronouncements

On January 1, 2009, the Fund adopted the new requirements of the CICA Handbook Section 3064, *Goodwill and Other Intangible Assets*. Section 3064 expands on the standards for recognition, measurement, and disclosure of goodwill and intangible assets. The adoption of this new standard did not have any impact on the consolidated financial statements of the Fund.

On January 1, 2009, the Fund adopted the enhanced disclosure requirements of amended CICA Handbook Section 3862, *Financial Instruments - Disclosures*. Disclosures using a fair value hierarchy that reflects the significance of the inputs used in making the measurements is presented in Note 4 of these financial statements.

On January 23, 2009, the CICA Emerging Issues Committee (EIC) issued EIC-173, *Credit Risk and Fair Value of Financial Assets and Liabilities*. EIC-173 is effective for interim and annual financial statements ending on or after January 20, 2009. EIC-173 provides guidance that an entity's own credit risk and the credit risk of counterparties should be taken into account in determining the fair value of financial assets and liabilities. Adoption of this guidance is to be applied retrospectively without restatement to prior periods. The Fund has evaluated the impact of this new standard and concluded that it does not have a material impact on its financial statements.

4. Financial Instruments

The carrying amounts reported in the consolidated balance sheet for short term financial assets and liabilities, which includes accounts receivable, accounts payable and accrued liabilities and distributions payable to unitholders, approximate fair values due to the immediate or short-term maturities of these financial instruments. Accounts receivable are classified as loans and receivables and are recorded at amortized cost. Accounts payable and distributions payable to unitholders are classified as other financial liabilities and are recorded at amortized cost.



Westshore Terminals Income Fund

Notes to Financial Statements

Following is a classification of fair value measurements recognized in the consolidated balance sheet using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Fair value measurement at reporting date using:			
	March 31, 2010	Quoted prices in active markets identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets:				
Held-for trading securities:				
Cash and cash equivalents	\$ 94,219	\$ 94,219	\$ -	\$ -
Derivative instruments:				
Foreign exchange contracts	2,827	-	2,827	-
Total	\$ 97,046	\$ 94,219	\$ 2,827	\$ -

Cash and cash equivalents are classified as held for trading and therefore are recorded at fair value.

The carrying amounts of foreign exchange contracts are equal to fair value, which is based on valuations obtained from the counterparty. The mark-to-market value is determined by the counterparty by multiplying the notional amount of the trade with the difference between the forward rate and the contract rate and discounting the resultant asset or liability by an applicable discount factor.

Financial risk management and exposure

The Fund is exposed to various risks associated with its financial instruments, which include credit risk, liquidity risk and market risk.

Credit Risk

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

The Company's exposure to credit risk is influenced by the profitability of coal mining companies, which is heavily impacted by the price of the coal. The accounts receivable are concentrated with one customer, Teck Coal, as this customer represented approximately 72% of Westshore's throughput in Q1 2010 (Q1 2009 – 66%). Westshore does not have any collateral or security for its receivables. Westshore monitors the financial health of its customers and regularly reviews its accounts receivable for impairment. As at March 31, 2010, there were no trade accounts receivable past due which were considered uncollectible and no reserve in respect of doubtful accounts was recorded.

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



Westshore Terminals Income Fund

Notes to Financial Statements

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

	2010
Cash and cash equivalents	94,219
Accounts receivable	8,789
Other assets – foreign currency contracts	2,827
	<hr/>
	105,835
	<hr/>

Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. The Fund continually monitors its financial position to ensure that it has sufficient liquidity to discharge its obligations when due. The Fund's distribution obligation to unitholders is funded from operating income and the recent equipment upgrade was funded with additional equity.

The financial liabilities of the Fund, which include accounts payable and accrued liabilities, have a contractual maturity of less than 1 year. The Fund's foreign exchange contracts have maturities ranging from one month to seven months as at March 31, 2010.

Westshore also maintains a \$1 million operating facility that can be drawn down to meet short term financing needs. No amounts were outstanding on this facility at March 31, 2010.

Market Risk

The significant market risk exposures affecting the financial instruments held by the Fund are those related to foreign currency exchange rates and interest rates.

Foreign currency exchange rates

The fair value of the Fund's outstanding foreign currency contracts at March 31, 2010 is an asset of \$2,827,000 (March 31, 2009 - liability of \$10,309,000). The fair market value of the Fund's foreign currency contracts has increased by \$310,000 in 2010. The Fund is exposed to foreign currency exchange rate risk on its foreign currency contracts. The value of these financial instruments fluctuate with changes in the US/CAD dollar exchange rate. As at March 31, 2010, the Fund has put options with notional amounts totaling \$14 million to exchange US dollars for Canadian dollars with a strike price of \$1.218. The counterparty has call options with notional amounts totaling \$14 million to exchange US dollars for Canadian dollars with a strike price of \$1.29. A \$0.01 increase in the US/Canadian exchange rate at March 31, 2010 would have reduced the value of the US dollar foreign exchange contracts by approximately \$137,000 for the quarter ended March 31, 2010. The impact would have resulted in a reduction in net earnings and comprehensive earnings by \$137,000 for the quarter ended March 31, 2010. From the beginning of 2010 to March 31, 2010, the US dollar has weakened by approximately 3% against the Canadian dollar.



Westshore Terminals Income Fund

Notes to Financial Statements

Interest rates

The Fund has limited exposure to interest rate risk on the cash equivalents (short-term investments). Money market fund returns are correlated with Canadian T-bills and Bankers' Acceptances of major Canadian financial institutions. Based on the cash balance at March 31, 2010, a 1% change in interest rates would have impacted net earnings and comprehensive earnings for the year to date by approximately \$236,000.

5. Capital Disclosures

The capital of the Fund consists solely of unitholders' equity which includes issued trust units and cumulative earnings less cumulative distributions.

The objective of the Fund is to maintain a stable capital base and ensure that the capital structure does not interfere with the Fund's ability to meet its distribution requirements on the trust units. In 2010, the Fund expects that its quarterly distributions to unitholders will be funded by earnings and operating cash flows.

The trust units are governed by the Second Amended and Restated Declaration of Trust dated September 29, 2005, which provides that non-residents of Canada may not own more than 49% of the trust units at any time. The Fund continually monitors the non-resident ownership levels to the best of its ability given the practical limitations regarding beneficial ownership interest. The Fund believes that it has always had substantially less than 49% non-Canadian ownership.

The Fund's trust units are not subject to externally imposed capital requirements. There have been no changes in how the Fund manages its capital during the period ended March 31, 2010.

6. Employee future benefits

The total benefit cost of the Company's defined benefit and other retirement and post employment benefit plans was \$1.6 million for the three months ended March 31, 2010 (\$1.0 million for the three months ended March 31, 2009).

Corporate Office

Westshore Terminals Income Fund
1800 – 1067 West Cordova Street
Vancouver, British Columbia V6C 1C7
Telephone: 604.488.5295 Facsimile: 604.687.2601
www.westshore.com