As a transitional measure, Westshore and Fording agreed to fixed loading rates for coal from the Fording River and Greenhills mines for the contract year April 1, 2002 to March 31, 2003. After April 1, 2003, the loading rates for coal shipped from the Elkview mine and for a portion of the tonnage from the Fording River and Greenhills mines, and therefore a majority of Westshore's revenue, will be linked to the price in Canadian dollars realized by the Coal Partnership for that coal.

The contract for the Line Creek mine, which was also assigned to the Coal Partnership, covers only a portion of the product of that mine. The remaining coal from the Line Creek mine is shipped through the Neptune terminal owned by Neptune Terminals Ltd. The Coal Partnership owns a 46% interest in Neptune Terminals.

Westshore's remaining contract is with Luscar Ltd. and covers the Obed and Coal Valley mines. The term of this contract has been extended to 2017.

Outlook

Prior to the January 2, 2003 windstorm incident, 2003 tonnage levels through Westshore were expected to be somewhat higher than 2002 levels. The windstorm incident resulted in damage to the two cranes at Berth 2, rendering it incapable of loading coal. Repairs are underway and it is anticipated that the operations at this berth will resume in the summer of 2003. In the interim, Westshore is working closely with its customers and the railways to maximize volume through the larger Berth 1. At this time, however, it is anticipated that Westshore will handle approximately the same or slightly less total coal tonnage than that handled in 2002.

Westshore carries insurance which is expected to be adequate to cover both the costs of repair of Berth 2 and most of the lost profits from reduction in shipments, net of applicable deductibles. Based on current information, the impact of the incident is not expected to have a material adverse effect (after collection of insurance proceeds) on the financial performance of the Fund.

In addition to the distributions derived from Westshore, the Fund will distribute distributions received from the Fording Trust, net of debt service charges on the $150 million loans used to make the investment. In its Third Supplement dated January 27 to its Information Circular issued in connection with the approval of the Plan of Arrangement, Fording indicated that targeted regular distributions for 2003 would be approximately $3.80 per unit, in addition to special distributions of $1.48 per unit.

The completion of the Fund's investment in the Fording Trust and the long-term handling contract covering the three mines previously owned by Fording will increase the impact on the Fund's financial results on the Canadian dollar price realized for coal handled by Westshore. While Westshore is not a vendor of coal, in the past the Fund's financial results were indirectly affected by the Canadian dollar price realized, because that price affects the competitiveness of Westshore's customers in world markets.

As a result of Westshore's arrangements with the Coal Partnership covering the former Fording mines and the Elkview mine, the loading rate for a majority of the coal loaded by Westshore in future years will be a function of the Canadian dollar price realized by the Coal Partnership for that coal. Accordingly that portion of Westshore's revenues will be directly affected by changes in the US dollar denominated coal price achieved by the Coal Partnership and by the US-Canadian dollar exchange rate. In addition the distributions that the Fund will receive from the Fording Trust will be substantially dependent on the profitability of the Coal Partnership.

Additional information on Westshore's outlook is contained on page 7 of this Annual Report.