In 2017, the Port of Prince Rupert continued to ascend a growth trajectory that was started over a decade ago, further establishing itself as a leading North American port. Whether measuring financial results, operational achievements or the relationships we built with our partners, it can be considered one of the most successful years in recent history for our organization and the trade gateway we administer.

Overall tonnage through our port hit a record high, thanks to growth across nearly all lines of business. The expansion of container-handling capacity at the Fairview Container Terminal made it the second-largest intermodal terminal in Canada. Hundreds of millions of dollars in private sector capital was invested into the exploration and construction of infrastructure to support new and existing cargo-handling facilities. And the Port of Prince Rupert reinvested its own retained earnings into projects that will continue to facilitate the sustainable growth of northern British Columbia and the economy of Canada.

Our unwavering commitment to the responsible stewardship of our lands and waters saw us make further improvements to our environmental and operational safety regimes. We strengthened the partnerships and dialogue with the First Nations and communities in which we operate, ensuring our interests continue to align with the people most critical to our success. These are thousands of hard working women and men that help move Canada’s trade safely and efficiently through our port every day, truly some of the best at what they do on the entire North American continent.

More specifically, we would like to thank the employees of the Port of Prince Rupert for their commitment and significant contribution to our collective success. The retirement of Don Krusel, the Port’s President and CEO for 25 years, also marked 2017 as a year of momentous change. We would like to acknowledge Don’s vision and dedication and thank him for his role in our past, current, and future success.

The shared benefits of the trade we enable have never been more obvious than they were in 2017. While we typically keep our focus on the future, we hope you’ll take a moment to look back with us at the milestones we collectively achieved last year.
2017 Highlights

28% Growth in Port-wide Cargo Volume Handled

26% Growth in Container Volumes Shipped through the Fairview Container Terminal

22% Growth in Biofuel Shipped through the Westview Wood Pellet Terminal

90% Growth in Coal Export Volumes through Ridley Terminals Inc.

100% Growth in Cruise Passengers through Northland Terminal

$16M Invested in New Port Security & Maintenance Complex

460 Vessel Calls representing 1152 Piloted Vessel Movements

1 New Underwater Monitoring Station Added to the Prince Rupert Harbour

8 Local Improvement Projects Supported through the Community Investment Fund

$25.7M IN NET INCOME

2017 Cargo

<table>
<thead>
<tr>
<th>TONNES</th>
<th>% CHG*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Containers</td>
<td>9,265,403</td>
</tr>
<tr>
<td>Wheat</td>
<td>3,158,156</td>
</tr>
<tr>
<td>Canola</td>
<td>2,160,223</td>
</tr>
<tr>
<td>Thermal Coal</td>
<td>2,017,733</td>
</tr>
<tr>
<td>Petroleum Coke</td>
<td>1,539,791</td>
</tr>
<tr>
<td>Wood Pellets</td>
<td>1,069,938</td>
</tr>
<tr>
<td>Metallurgical Coal</td>
<td>924,689</td>
</tr>
<tr>
<td>Logs</td>
<td>573,799</td>
</tr>
<tr>
<td>Barley</td>
<td>428,379</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>36,065</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>24,177,812</strong></td>
</tr>
</tbody>
</table>

* % CHG compared to 2016 totals

Economic Prosperity

Total cargo volumes moving through the Port of Prince Rupert measured a record 24.1 million tonnes in 2017, an increase of 28% from the previous year. With the exception of bulk grain shipments, all other terminals experienced year-over-year throughput growth of between 22-90%. Expanded capacity at DP World’s Fairview Container Terminal enabled a record 926,540 TEUs to be handled. Pinnacle Renewable Energy saw a fifth consecutive year of growth at Westview Wood Pellet Terminal with over 1 million tonnes of biofuel shipped to Europe and Asia. Metallurgical coal price recovery enabled Ridley Terminals to bring its throughput back up to 7.5 million tonnes, following four years of declining volumes as a result of a prolonged downturn in Canada’s vast steel-making coal industry. The introduction of Ray-Mont Logistics agriculture transplant facility on Ridley Island provides a new value-adding service to Canadian producers and supports the continued growth of exports through the Fairview Container Terminal.

Major Projects

Fairview Phase II North – The expansion of Fairview Container Terminal, launched in the first quarter of 2015, was completed in late 2017 and increased the port’s annual capacity for containerized cargo to over 1.35 million TEUs. With the addition of three Malaccamax dock gantry cranes, a second vessel berth, and expanded-dock rail capacity, the Fairview Container Terminal is prepared to meet future demand and capable of handling the largest vessel in the world.

Ray-Mont Logistics – A new transload service for agricultural exports was constructed and commissioned in late 2017. Ray-Mont Logistics, one of Canada’s leading transload service providers, completed its new facility on the south end of Ridley Island in sync with the completed expansion of the Fairview Container Terminal.

Ridley Island Propane Export Terminal – Following the completion of an environmental assessment in 2016, in early 2017 AltaGas announced a positive final investment decision and fabrication commenced on a new facility designed to ship up to 1.2 million tonnes of propane annually. The $550 million facility is being developed on lands leased by Ridley Terminals Inc., and is anticipated to employ upwards of 50 people when operational in 2019.

Port Safety and Security

We invested $18 million into a new building that houses an enhanced Port Security Operations Centre, a dedicated space for the Port’s Emergency Operations Centre, and office space for our operations and security groups.

The new centre improves the round-the-clock monitoring of port properties and the Prince Rupert Harbour, and will enhance the Port’s ability to mobilize coordinated responses to any incidents within our jurisdiction.

The Port also invested $3 million to construct a state-of-the-art harbour patrol boat, which will augment the existing Charles Hays vessel. The new vessel is 60-feet long and capable of performing duties like vessel escort and incident response in all weather, and is expected to be in operation in late 2018.

Sustainable Growth and Development

As global commodity prices and demand fluctuate, it is increasingly important for the Port to ensure its portfolio includes a diverse array of cargoes. This includes investments in infrastructure to responsibly grow existing cargo capacities and accommodate new export terminals required to ship Canadian products. In 2017, the Port advanced plans to construct a connector road between Ridley Island the Fairview Container Terminal, improving operational efficiencies and eliminating virtually all port-related truck traffic from Prince Rupert’s downtown core. Construction of the Ridley Island Propane Export Terminal by proponents AltaGas and Vopak also advanced throughout 2017, with the first liquid bulk cargo expected to be shipped in early 2019.

Our operations also demonstrate respect for the environment, our neighbours and future generations. In 2017 we continued to enhance our benchmarking and monitoring efforts in areas of air and water quality, noise and aquatic invasive species. The Port also contributed to the creation of the Mariner’s Guide to Whales, Dolphins and Porpoises of Western Canada, intended to inform mariners of high-density areas and reduced the risk of collision between vessels and marine life. Our Green Wave environmental incentive program rewarded 240 vessels for emissions reduction measures or other environmental practices, representing 38% of the unique vessels that called on the Port of Prince Rupert in 2017.

Community Investment and Engagement

Each year the Port of Prince Rupert earmarks a share of its net income for projects that contribute to the region’s quality of life and create long-lasting benefits. We have allocated $9.2 million to the Port’s Community Investment Fund since 2010, and in 2017 we announced a contribution of $1,163,048 from the Fund to eight local improvement projects.

In addition to investing in the communities where we operate, we strive to maintain our relationships by being a trusted and respected partner that is committed to open dialogue and collaboration. In 2017 we continued to update and enhance the information found within our Port Interpretive Centre, and established new Community Information Forums in the Coast Tsimshian communities of Metlakatla and Lax Kw’alaams.
## Consolidated Statement of Financial Position

<table>
<thead>
<tr>
<th>December 31, 2017 with comparative figures for 2016 (expressed in $000’s)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
### ASSETS

#### Current assets:
- Cash and cash equivalents: $6,098 | $13,268
- Term deposits: 27,278 | 24,300
- Accounts receivable: 14,705 | 13,699
- Prepaid expenses: 407 | 437
  
  **Total current assets:** 45,655 | 53,054

#### Non-current assets:
  
  **Total non-current assets:** 192,305 | 186,924

#### Total assets:
  
  **Total assets:** 237,768 | 237,078

### Liabilities and Equity of Canada

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### Contributed capital: 36,213 | 36,213
#### Surplus: 170,338 | 146,149
  
  **Total assets of Canada:** 206,551 | 182,262

#### Total liabilities and equity of Canada:
  
  **Total liabilities and equity of Canada:** 237,768 | 237,078

### Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>December 31, 2017 with comparative figures for 2016 (expressed in $000’s)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### REVENUE: 62,411 | 67,289

#### EXPENSES: 50,438 | 50,438
  
  **Amortization:** 3,312 | 3,534
  **Operating and administrative:** 6,611 | 8,227
  **Federal stipend:** 3,312 | 3,234
  **Professional and consulting fees:** 6,610 | 6,596
  **Repairs and maintenance:** 1,406 | 1,999
  
  **Other income:** 646 | 646
  
  **TOTAL EXPENSES:** 49,245 | 49,245

#### Profit before income tax: 3,166 | 8,044

#### Income tax expense: (34) | (104)

#### Income tax benefit: 34 | 104

#### Net income for the year: 3,166 | 9,088

#### Other comprehensive income: 1,194 | 1,194
  
  **Defined benefit plan actuarial loss:** (1,194) | (1,194)
  
  **TOTAL OTHER COMPREHENSIVE INCOME:** 1,194 | 1,194

#### Total comprehensive income: 3,166 | 9,088

### Consolidated Statement of Changes in Equity of Canada

<table>
<thead>
<tr>
<th>December 31, 2017 with comparative figures for 2016 (expressed in $000’s)</th>
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<th>2016</th>
</tr>
</thead>
</table>
#### Contributed capital: 36,213 | 36,213
#### Surplus: 170,338 | 146,149
  
  **Total assets of Canada:** 206,551 | 182,262

#### Other comprehensive income: 1,194 | 1,194
  
  **Defined benefit plan actuarial loss:** (1,194) | (1,194)

#### Total comprehensive income for the year: 3,166 | 9,088

### Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>December 31, 2017 with comparative figures for 2016 (expressed in $000’s)</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### Cash Flows from Operating Activities: 36,213 | 32,631

#### CASH FLOWS FROM OPERATING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### Net income for the year: $25,743 | $49,244

#### Adjustments to reconcile net income to cash flows from operating activities:
  
  **Write down of construction in progress:** 2,437
  **Amortization expense:** 3,812 | 3,514
  **Amortization of deferred contributions:** (15,715)
  **Gain on disposal of property, plant and equipment:** (646) | (10)
  **Net finance income:** (677) | (638)

#### Change in working capital items:
  
  **Accounts receivable:** (1,046) | (3,668)
  **Prepaid expenses:** (170) | 17
  **Employee benefits:** (776) | (152)
  **Deferred revenue:** 1,438 | 4,728

#### Net cash from operating activities: 27,325 | 32,501

#### Cash Flows from Investing Activities: 36,213 | 30,669

#### CASH FLOWS FROM INVESTING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### Proceeds from sale of property and equipment: 32,501 | 12,244

#### Net cash used in investing activities: (32,502) | (28,938)

#### Cash Flows from Financing Activities: 36,213 | 30,669

#### CASH FLOWS FROM FINANCING ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
</table>
#### Repayment of long-term debt: (1,980) | (2,560)

#### Net cash used in financing activities: (1,993) | (1,607)

#### NET (DECREASE) IN CASH AND CASH EQUIVALENTS: (7,170) | 1,956

#### CASH AND CASH EQUIVALENTS BEGINNING OF YEAR: 13,268 | 11,312

#### CASH AND CASH EQUIVALENTS END OF YEAR: $6,098 | $13,268

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*To see our full audited financial statements please visit www.rupertport.com/port-authority/financial-statements*