



2019 ANNUAL REPORT

LEADING WITH HUMAN INNOVATION

Prince Rupert Port Authority
2019 Key Facts & Figures

VIGOROUS TRADE. THRIVING COMMUNITIES. SUSTAINABLE DEVELOPMENT.

While the beginning of 2020 has proven to be an unprecedented time of uncertainty and challenge to the Prince Rupert Port Authority (PRPA) and the world, it has also served as a validation of the direction PRPA continued to pursue through 2019 to ensure a resilient and competitive enterprise. We are confident that PRPA, and its successful track record of building a better Canada by enabling and growing global trade, will continue to be Canada's leading edge.

2019 was a year of change for our Board of Directors and we want to acknowledge the service of our preceding Chair, Bud Smith. Bud's leadership, experience, and insight were incredibly valuable assets for our organization, and he played an instrumental role in laying the foundation for PRPA's current success and prosperous future.

Similarly, Bruce Hallsor left the organization after six years of significant contribution on the Board of Directors. With the departure of long-serving Directors, we had the opportunity to welcome Peter Lantin and Rita Andreone as new Directors, both of whom have proven to be valuable additions to our governance team.

The Port of Prince Rupert delivered another record year of cargo volume in 2019, with over \$50 billion worth of global trade that directly employed over 3,600 people in northern BC. We're poised to continue to add value through our services and relationships with our shippers, supply chain partners, and local communities.

The successful commissioning of AltaGas' Ridley Island Propane Export Terminal, the start of construction of the Fairview-Ridley Connector Corridor, and the announcement of over \$150 million in federal investment for gateway infrastructure are strong examples of PRPA's commitment to expanding an innovative port ecosystem to meet future trade demand. These projects will put the Port of Prince Rupert in a position to successfully deliver its forecast target of exceeding 50 million tonnes of cargo by 2030.

PRPA delivered another record year of trade volume in 2019 and is poised to continue to add value through our services and relationships with our shippers, supply chain partners, and local communities.

Port operations and expansion contribute significantly to the economic health of Prince Rupert and northern BC, including over 6,200 women and men that are currently employed by port-related businesses, and deliver value every day. PRPA continues to share its financial success by dedicating \$1.7 million of its net income to its Community Investment Fund, which is celebrating its 10th year of supporting local legacy projects that have improved the quality of life for local residents.

Perhaps most importantly, PRPA is focused on delivering on its commitment to growing sustainably, responsibly, and safely. We have set out ambitious new objectives for continuing to lower the port's carbon footprint, including a commitment to decrease GHG intensity by an additional 30% by 2030. We announced a development

moratorium on Flora Bank in response to community and First Nations concerns about sensitive marine habitat. We expanded our marine safety and response capabilities by launching a new harbour patrol vessel.

Our partners, employees, and stakeholders all want to know we can deliver critical services and economic benefits, while maintaining environmental and social balance. Striking that balance is a critical priority for the board and management.

As always, we would also like to thank PRPA's team of dedicated staff, the people behind our thoughtful innovation and track record of success.

We encourage you to visit our full Annual Report online at 2019.rupertport.com for a more detailed review our 2019 activities.

Sincerely,

Shaun Stevenson,
President & CEO

Frans Tjallingii,
Board Chair

2019 TRADE HIGHLIGHTS

12% ▲

GROWTH IN PORT-WIDE VOLUME TO
A RECORD 29.9 MILLION TONNES

649,000+

TONNES IN NEW PROPANE VOLUMES
AT RIDLEY ISLAND PROPANE EXPORT
TERMINAL

18% ▲

GROWTH IN TOTAL VOLUME HANDLED
AT RIDLEY TERMINALS

17% ▲

GROWTH IN CONTAINER VOLUME
HANDLED AT FAIRVIEW TERMINAL

1% ▲

GROWTH IN BULK GRAIN EXPORT
VOLUME AT PRINCE RUPERT GRAIN
TERMINAL

9% ▼

DECREASE IN WOOD PELLETS EXPORT
VOLUME AT WESTVIEW TERMINAL

35% ▲

GROWTH IN PASSENGER VOLUME AT
NORTHLAND CRUISE TERMINAL

BOARD OF DIRECTORS:

John Farrell

Jennifer Clarke

Kenneth Clayton

Beverley Clifton Percival

Peter Lantin

Rita Andreone

2019 SIGNIFICANT ACHIEVEMENTS

PERFORMANCE AND GROWTH

A record 29.9 million tonnes of cargo moved through the Port of Prince Rupert in 2019, an increase of 12% from the previous year. Volume increases were driven primarily by a record 1.2 million TEUs of containers moving through Fairview Container Terminal, and significant year-over-year growth at Ridley Terminals, but all of the port's terminal operators and supply chain partners deserve acknowledgement for their strong operational performance.

AltaGas' Ridley Island Propane Export Terminal, the first marine export facility for propane in Canada, handled 648,569 tonnes of LP Gas in its first year of operations. The terminal leverages CN's existing railway network and the deepest harbour in North America to offer Canada's natural gas direct access to international markets, and a 15-day shipping advantage vs. the U.S. Gulf Coast.

MAJOR PROJECTS

Work began in May 2019 on PRPA's \$115 million dollar Fairview-Ridley Connector Corridor project, with construction led by the Coast Tsimshian Northern Contractors Alliance, a local First Nations joint venture. The 5-kilometer route linking Fairview Container Terminal and Ridley Island will virtually eliminate container truck traffic in downtown Prince Rupert, as well as provide a platform for two new rail sidings. The project is slated for completion in Q2 2021.

PRPA's Container Terminal Master Plan, completed in spring 2019, identified the long-term feasibility to develop in excess of 5 million TEUs of capacity through the development of multiple terminals at the Port of Prince Rupert. South Kaien Island is the preferred growth option following Fairview's next pending phase of expansion to 1.8 million TEUs of annual capacity.

The Port of Prince Rupert secured \$153.7 million in funding for three critical infrastructure projects through the National Trade Corridors Fund (NTCF) that will provide increased capacity, capabilities, and resiliency. PRPA and CN were jointly awarded \$60.6 million for the Zanardi Bridge and Causeway project, which will expand rail capacity into the Gateway and reduce operational conflicts. \$49.9 million was earmarked for the expansion of the Road Rail Utility Corridor to service the proposed

Ridley Island Export Logistics Platform project. The Metlakatla Development Corporation received \$43.3 million towards construction of an Import Logistics Park on South Kaien Island which will also integrate into PRPA's intermodal network.

The Vopak Pacific Canada liquid bulk terminal continued to advance its project investigation, engineering and environmental review through 2019. The project proposes to construct and operate a storage and vessel loading terminal on Ridley Island for LPG, methanol and refined fuel products, and has scheduled a potential FID for 2021. This proposed project would build on the success of AltaGas' new terminal in continuing to diversify the port's cargo base.

PORT SAFETY AND SECURITY

In 2019, a new harbour patrol vessel, the AMWAAL, joined the fleet. The AMWAAL features industry-leading equipment including navigation, communications, surveillance, marine firefighting, and high-speed jet-drive maneuverability, all of which serve to greatly enhance PRPA's marine safety capabilities. The name AMWAAL is derived from the Sm'algyax word meaning 'prosperity' and was chosen in consultation with Ts'msyen hereditary leaders as a symbol of the shared, long-term community benefits that have resulted from port opportunities.

In 2019, PRPA achieved the International Organization for Standardization (ISO) 28000:2007 specification for security management systems for the supply chain. Adopting the ISO 28000 has broad strategic, organizational and operational benefits that are realized throughout supply chains and business practices.

PRPA is committed to going above and beyond its regulatory duties to ensure the safe, secure, and environmentally responsible operations at the Port. PRPA initiated an Emergency Response Gap Analysis, reviewing existing emergency response capabilities at the Prince Rupert gateway. The ongoing audit identifies existing capabilities as well as opportunities to increase and optimize community fire and rescue capabilities.

PRPA initiated an update of its Marine Navigational Risk Assessment, a quantitative risk assessment that considered current and future vessel activity,

estimates the baseline probability of incidents in the port's approaches and anchorages, and will guide continuous improvement to our practices and procedures as we grow.

SUSTAINABLE GROWTH AND DEVELOPMENT

Our operations demonstrate respect for the environment, our neighbours, and future generations. In early 2019, PRPA imposed a developmental moratorium on Flora Bank that prohibits industrial development in the marine area adjacent to Lelu Island. PRPA recognizes that development with required mitigation in this marine area is challenging, and acknowledges there are lingering concerns and uncertainty related to how a development in this area may pose risk to the health and ecology of the Skeena River estuary. The moratorium will be formalized in an update to PRPA's Land Use Plan.

In late 2018 PRPA supplemented its extensive air quality monitoring program with the establishment of a dedicated air quality monitoring station at Fairview Terminal to monitor NOx, Sox, PM and Ozone, and added NOx measurement capacity at the Westview Terminal air quality monitoring station. In 2019, we continued to improve public access to these air and noise monitoring stations through live online data availability. PRPA expanded our Green Wave vessel incentive program's benchmarks for reducing air emissions and underwater noise, and we established an environmental audit program to validate ongoing environmental monitoring activities on our Fairview Connector Corridor construction project.

COMMUNITY INVESTMENT & ENGAGEMENT

Each year PRPA earmarks a share of its net income for local projects that contribute to the region's quality of life and create long-lasting benefits. Since 2009, PRPA's Community Investment Fund has accrued \$12.5 million. Throughout 2019, a total of \$739,000 was invested into projects supporting recreation, arts, healthcare, education, the environment, and other local values and activities. We strive to maintain our relationships by being a trusted and respected partner that is committed to open dialogue and collaboration.

In 2019, PRPA also launched the \$1 million Skeena River Salmon Enhancement Program (SRSEP) to partner with regional organizations on projects that increase salmon stock productivity and the rehabilitation of critical habitat in the Skeena River watershed. In its first year, PRPA approved over \$161,000 towards the first five SRSEP projects. We take pride in ensuring our operations reflect local values and that a significant portion of our resources are allocated back into our communities.

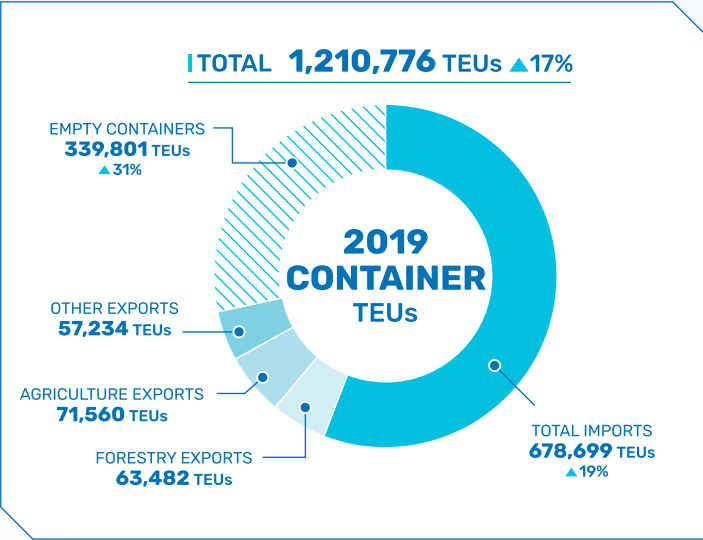


2019 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31 (expressed in \$000's)

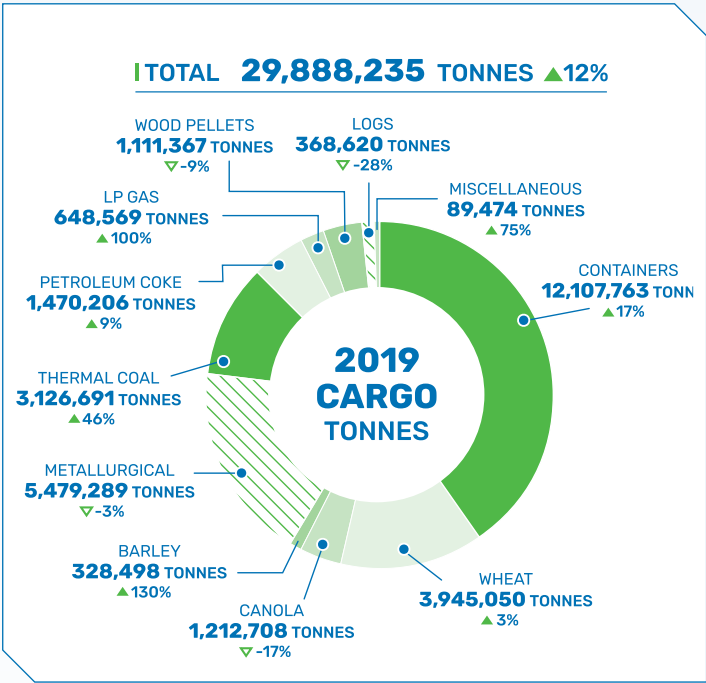
YEARS	2019	2018
ASSETS		
Current:		
Cash and cash equivalents	\$ 14,522	\$ 23,271
Term deposits	83,998	42,216
Accounts receivable (Note 4)	15,118	12,306
Prepaid expenses	653	583
<i>Total current assets</i>	<i>114,291</i>	<i>78,376</i>
Non-current:		
Term deposits	-	5,339
Long-term receivables	248	578
Property and equipment (Note 5)	203,925	196,592
Intangible assets (Note 6)	287	408
Employee benefits (Note 10)	-	59
<i>Total non-current assets</i>	<i>204,460</i>	<i>202,976</i>
TOTAL ASSETS	\$ 318,751	\$ 281,352
LIABILITIES AND EQUITY OF CANADA		
Current:		
Accounts payable and accrued liabilities (Note 7)	\$ 25,485	\$ 18,234
Current portion of deferred revenue	265	289
<i>Total current liabilities</i>	<i>25,750</i>	<i>18,523</i>
Non-current:		
Employee benefits (Note 10)	85	-
Deferred revenue	1,435	1,467
Deferred contributions	32,965	30,000
<i>Total non-current liabilities</i>	<i>34,485</i>	<i>31,467</i>
TOTAL LIABILITIES	\$ 60,235	\$ 49,990
EQUITY OF CANADA		
Contributed capital	36,213	36,213
Surplus	222,303	195,149
<i>Total equity of Canada</i>	<i>258,516</i>	<i>231,362</i>
TOTAL LIABILITIES AND EQUITY	\$ 318,751	\$ 281,352



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year Ended December 31 (expressed in \$000's)

YEARS	2019	2018
REVENUE		
	\$ 66,568	\$ 59,865
EXPENSES		
Amortization	4,812	4,666
Operating and administrative	9,620	8,188
Federal stipend	3,337	3,039
Payments in lieu of municipal taxes	2,474	2,537
Professional and consulting fees	6,056	3,306
Repairs and maintenance	1,112	1,874
Salaries and benefits	12,470	12,002
<i>Total expenses</i>	<i>39,881</i>	<i>35,612</i>
INCOME FROM OPERATIONS	26,687	24,253
Interest income	1,867	982
NET FINANCE INCOME	1,867	982
Gain on sale of property and equipment	10	-
Gain (loss) on foreign exchange	(4)	6
OTHER INCOME	6	6
NET INCOME	28,560	25,241
OTHER COMPREHENSIVE INCOME		
Defined benefit plan actuarial losses (Note 10)	(1,406)	(430)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 27,154	\$ 24,811



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended December 31 (expressed in \$000's)

	CAPITAL	SURPLUS	TOTAL
Balance: Dec. 31, 2017	\$ 36,213	\$ 170,338	\$ 206,551
Net income for the year	-	25,241	25,241
Other comprehensive loss			
Defined benefit plan actuarial gain	-	(430)	(430)
	-	24,811	24,811
Balance: Dec. 31, 2018	36,213	195,149	231,362
Net income for the year	-	28,560	28,560
Other comprehensive income			
Defined benefit plan actuarial loss	-	(1,406)	(1,406)
	-	27,154	27,154
BALANCE: DEC. 31, 2019	\$ 36,213	\$ 222,303	\$ 258,516

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31 (expressed in \$000's)

YEARS	2019	2018
Cash flows from operating activities		
Net income for the year	\$ 28,560	\$ 25,241
Adjustments for:		
Amortiation of deferred contributions	(1)	-
Amortization expense	4,812	4,666
Gain on disposal of property and equipment	(10)	-
Net finance income	(1,867)	(982)
	31,494	28,925
Change in working capital items:		
Accounts receivable	(1,268)	2,727
Prepaid expenses	(70)	24
Employee benefits	(1,262)	(909)
Accounts payable and accrued liabilities	7,251	(75)
Deferred revenue	(57)	(2,010)
Deferred contributions	2,880	-
<i>Total change in working capital</i>	<i>7,474</i>	<i>(243)</i>
NET CASH FROM OPERATING ACTIVITIES	38,968	28,682
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,625	223
Proceeds from sale of property and equipment	15	-
Acquisition of property and equipment	(13,572)	(8,832)
Industry contributions	85	-
Sale of term deposits	79,800	18,008
Purchase of term deposits	(116,000)	(20,000)
Extension of promissory note	-	(991)
Promissory note repayments	330	83
<i>Net cash used in investing activities</i>	<i>(47,717)</i>	<i>(11,509)</i>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(8,749)	17,173
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	23,271	6,098
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 14,522	\$ 23,271

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

COMMITMENT TO COMMUNITY

The Port of Prince Rupert operates within traditional Indigenous territory and facilitates Canadian trade while respecting the values and standards of local First Nations and communities.



• Fast Access treatment and collaboration at the main gateway industry

• Proactive local use planning to avoid potential conflict

• Supporting initiatives through the Community Investment Fund, donations and volunteerism

PRINCE RUPERT
HUMIDIVER
WATTE

TAKING CARE»

Of business & community

Even though the Port of Prince Rupert operates in a global marketplace, this is where its employees live and raise their families. We all share an interest in the safety, environmental quality and prosperity of this community.

Our leaders — tasked as stewards of public crown lands — the balance between financial sustainability and the need for our local economy; between economic growth and environmental concerns; and between the smooth flow of travel and international commerce and effective security measures.

That's why we involve other parties in planning our future. We are working towards reducing our carbon footprint. We support community partnerships that promote sustainable tourism with other organizations that share common future of the region.

Our global perspective and local participation help us achieve our mission here.

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