



BELLEDUNE...*Unlimited!*

2007 ANNUAL REPORT



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BELLEDUNE PORT AUTHORITY

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HUMAN RESOURCES & COMPENSATION

Chair: Claude Doucet
Nancy McKay
Harry H. Williamson
Ligouri Roy

AUDIT

Chair Ligouri Roy
Albert Doucet
Léo Cormier

LAW & GOVERNANCE

Chair: Harry H. Williamson
Philip G. Evans
Albert Doucet

FINANCE

Chair: Nancy McKay
Philip G. Evans
Léo Cormier

BUSINESS DEVELOPMENT

Chair: Harry H. Williamson
Claude Doucet
Albert Doucet
Philip G. Evans

DONATION

Board: Claude Doucet



*From left to right – standing: Ligouri Roy, Nancy McKay, Léo Cormier, Philip G. Evans, and Albert Doucet
From left to right – sitting: Rayburn Doucett, Harry H. Williamson and Claude Doucet.*

Picture taken November 2006



MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS



2007 was another successful year for the Port of Belledune. Each of the last three successive years has been record setting financially and this year's net profit rose by 60% to 1.93 Million Dollars.

At last year's annual meeting, we could not announce that we were in the midst of negotiations with *The Shaw Group*; however, as everyone now knows, these negotiations were successful and the wood pellet plant is up and running and the first cargo of wood pellets will soon be shipped.

In 2007, we constructed a new dry bulk handling facility and a new warehouse for perlite. The latter was necessitated by the coming onto line of the production from the Blue Note Caribou Mine and their requirement for the storage facility that had been used for perlite. The storage and shipment of the concentrate from the Caribou Mine and wood pellets from the Shaw Plant will create two new revenue streams for the Port.

In constructing these two new buildings, we were greatly assisted by a 2.4 Million Dollar grant from the Provincial Government which covered 50% of the cost of construction. We are very grateful to the Provincial Government for their support and assistance in these matters.

We made a decision to extend the pipeline from the tank farm to terminal 2 thereby, allowing fully loaded ships with greater drafts to use our facilities. This work will be completed by the end of April 2008.

In early 2007, we acquired vacant land adjacent to the port at the cost of \$ 550,000.00. This land had over One Million Dollars of infrastructure consisting of a commercial industrial avenue and water services installed at the time of acquisition so it was a good deal financially and it provided room for future growth for industry around the port.

One of the port's greatest assets is that we are not located in the downtown core of a large city with all the mobility restrictions that inherently come with such a location and we

are using this as a selling point for future growth.

In 2007, we adopted a business plan that maps out the future course of action for the port. We believe this plan will ensure a continued growth of volume and traffic at the port and we will attract new business ventures, which will provide a measure of prosperity and employment to northern New Brunswick.

We have continued our course of prudent fiscal management and the pursuit of selective projects where we see the greatest potential and the chance of success. We are now starting to see the results of following these policies.

All of this could not have been accomplished without the dedication and hard work of our staff and especially our CEO, Rayburn Doucett whose experience and contacts have greatly benefited the Port. We are grateful for the efforts of all our staff and, on behalf of the board, I sincerely thank them and encourage them to keep up the good work.

As chairman, I wish to thank our 2007 Directors, Claude Doucet, Nancy McKay, Ligouri Roy, Albert Doucet, Leo Cormier and Philip Evans for their contributions on behalf of the Port. Only those who have served can appreciate the great volume of materials that one has to digest in order to fully participate at board meetings.

I wish to especially thank Claude Doucet who has served as vice-chairman for the past two years and who certainly made it easy for me to accomplish my duties as chairman.

I have enjoyed working with all directors and staff. I wish them well in all their future endeavours on behalf of the port. The future can and should be unlimited.

Harry H. Williamson
Chairman of the Board



MESSAGE FROM THE **PRESIDENT & CEO**

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I am pleased to report that the Belledune Port Authority achieved a new *record for financial results* in 2007.

Net income reached a new record in 2007 at \$1.93 million, which represented a 60% increase over the previous record of \$1.2 million posted for 2006.

Shipping has increased by 10% in 2007 from 2006 due to increased bulk volumes and project cargo. We expect increased container, aggregate, petroleum coke, and project cargo volumes in 2008. Additionally wood pellets from the newly established *Shaw Group Inc.* facility in Belledune and zinc concentrate from Blue Note Caribou Mine will contribute to volumes in 2008.

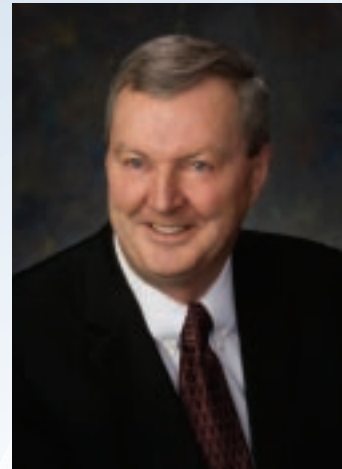
The Port is actively discussing opportunities to diversify its cargo base in bulk, break bulk and unitized cargoes. These new opportunities will provide for improved cargo throughput, jobs and related economic spin-off benefits throughout the region in the years ahead.

During 2007, the Port of Belledune continued to pursue new business opportunities; these projects resulted in the construction of two new warehouses and the acquisition of 138 acres of land adjacent to the Port. The Province of New Brunswick contributed \$2.4 million for the construction of the new warehouses which will be complete in early 2008. The two warehouses will be used to store wood pellets destined for Europe and perlite arriving from Greece.

The Belledune Port Authority takes very seriously the responsibilities associated with its role in north-eastern New Brunswick. The Port strives to provide efficient services and values the importance of its customers. Working with our partners in the region the BPA will be part of the Atlantic Gateway initiative launched by the Federal Government. The Belledune Port Authority along with other regional and provincial stakeholders will lead the way in promoting the Port of Belledune on a national and international basis encouraging others to recognize the unprecedented potential this great port has to offer.

We sincerely thank all the Port's customers for their business and its employees for their dedication and hard work in attaining a consecutive record year. We also express our gratitude to the Board of Directors and to all the Port's stakeholders for their support over the past year. The Port of Belledune is acknowledged as one of north-eastern New Brunswick's leading economic generators; the results for 2007 further contributed to this important status.

Our facilities are ready for the projected increase of business in 2008. We look forward to meeting all challenges with a strong, focused Board and staff. Teamwork has always been the key to our success as Belledune...Unlimited!



Rayburn Doucett
President & CEO



2007 HIGHLIGHTS

Partnerships and cooperation have been the foundation of the Belledune Port Authority's successful growth over the past seven years. Employing a small, but qualified staff the BPA prides itself on the teamwork demonstrated daily throughout our operations, our development and our marketing.

Through this cooperative effort the BPA was able to secure two new clients in 2007: *Blue Note Caribou Mines* and the *Shaw Group Inc.* In correlation with our mandate these new clients have given us the opportunity to further diversify our cargo base as well as create additional warehousing infrastructure at the port.

The New Brunswick provincial government contributed \$2.44 million dollars for the construction of two warehouses to accommodate our new clients.

The total cost of this construction project is in excess of \$5 million dollars. The BPA is pleased to make this joint investment with the Province to facilitate the development of port infrastructure. The warehouses will store perlite for *S&B Industrial Minerals* and wood pellets for the *Shaw Group Inc.* Mineral concentrate from Blue Note Caribou Mines will be stored in Freight Station 101, the former 'Caribou Shed'.

Construction began in the fall of 2007 and is expected to be completed by early 2008. The Belledune Port Authority values this new business, the cooperation of our staff and partners at the port, and the contribution awarded by the Province of New Brunswick.





The Port of Belledune has handled general cargo for ten years. Belledune has become known for providing fast turnaround time and quality handling services; with more and more shipping traffic arriving in recent years the Port of Belledune has shown its berthage capacity means ships do not have to wait at anchor.

In the fall of 2007 the port had a chance to test its capacity to handle the increasing shipping traffic when it had a quadruple berthing. The port is very capable of handling multiple ships at a time; it was a fantastic opportunity to have all three terminals and all four berths full at the same time on September 22. There was more than 95,000 tonnes of cargo handled between the M.V. Turicum, the M.V. Anna, the M.V. Anna Desgagnés, and the M.V. Bluebill.



In August of 2007 the BPA purchased additional vacant land adjacent to the port to increase its total unoccupied land to over 200 acres. The land is all within 1.5 km of all three terminals at the port.

The land was acquired for expansion of the port and for to provide an excellent opportunity for companies that require land for development as well as immediate access to shipping routes and a North America-wide land transportation network.

SUMMARIZED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2007



AUDIT COMMITTEE REPORT

The primary task of the Belledune Port Authority's (BPA) Audit Committee is to oversee the financial reporting process on behalf of the Board of Directors. In order to carry out this responsibility, the Committee reviews the BPA's financial statements and gives its recommendations to the Board of Directors.

The Audit Committee also reviews any reports prepared by the BPA's Auditor regarding the BPA's accounting policies and procedures, as well as its internal controls. The Audit Committee meets independently with management and the Auditor to review the involvement of each in the financial reporting process and

to review the independence of the Auditor. These meetings also facilitate any private communication with the Audit Committee that is desired by either party.

This Committee also has the responsibility of recommending the appointment of the BPA's Auditor, who is appointed annually by the Board of Directors.



Ligouri Roy
Chairman, Audit Committee

AUDITORS' MESSAGE

To the Board of /Directors of Belledune Port Authority

The accompanying summarized balance sheet and statements of earnings and surplus are derived from the complete financial statements of Belledune Port Authority as at December 31, 2007 and for the year then ended on which we expressed an opinion without reservation in our report dated March 7th, 2008. The preparation of summarized financial statements form the complete financial statements is the responsibility of management.

These summarized financial statements do not contain all the disclosures required by Canadian generally accepted accounting principals. Readers are cautioned that these statements may not be appropriate for their purposes. For more information on the

entity's financial position, results of operations and cash flows, reference should be made to the related complete financial statements.



ALLEN, PAQUET & ARSENEAU LLP
Chartered Accountants

Bathurst, New Brunswick, March 7th, 2008

SUMMARIZED STATEMENT OF INCOME | BELLEDUNE PORT AUTHORITY

Year Ended December 31	2007	2006
REVENUES FROM OPERATIONS		
Harbour services	\$ 1,375,677	\$ 1,290,668
Rentals	5,542,985	4,748,227
Shipping and other services	76,673	162,465
	6,995,335	6,201,360
EXPENSES		
Salaries and employee benefits	412,098	318,754
Maintenance and repairs	230,794	438,439
Professional fees and fees for consulting services	1,130,274	865,123
Depreciation	1,425,174	1,476,656
Gross revenue charge	146,803	129,853
Payments in lieu of municipal taxes	74,297	65,822
Other operating expenses	706,267	552,271
	4,125,707	3,846,918
EARNINGS FROM OPERATIONS BEFORE INTEREST EXPENSE AND INVESTMENT INCOME	2,869,628	2,354,442
INTEREST EXPENSE AND INVESTMENT INCOME		
Interest expense	(1,283,361)	(1,442,263)
Investment income	344,815	291,309
	(938,546)	(1,150,954)
NET EARNINGS	\$ 1,931,082	\$ 1,203,488

See accompanying notes to the financial statements.

SUMMARIZED BALANCE SHEET | BELLEDUNE PORT AUTHORITY

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December 31	2007	2006
ASSETS		
CURRENT		
Cash and term deposits	\$ 6,125,986	\$ 5,518,513
Receivables	662,149	681,612
	6,788,135	6,200,125
Investments	-	500,000
Restricted cash	1,428,433	1,428,433
Deferred financing cost	271,099	322,737
Property and equipment (Note 3)	38,151,885	36,927,736
	\$ 46,639,552	\$ 45,379,031
LIABILITIES		
CURRENT		
Bank Advance	\$ 2,144,210	\$ 1,056,710
Payables and accruals	840,905	222,323
Current portion of long term debt	2,497,856	2,321,253
	5,482,971	3,600,286
Accrued employee benefits	115,026	105,416
Long term debt (Note 4)	12,947,697	15,445,553
Deferred revenue	-	65,000
	18,545,694	19,216,255
EQUITY		
Contributed capital	22,278,564	22,278,564
Surplus	5,815,294	3,884,212
Total Equity	28,093,858	26,162,776
	\$ 46,639,552	\$ 45,379,031

1. NATURE OF OPERATIONS

The Belledune Port Authority was established under the Canada Marine Act to administer, manage and control Belledune harbour, as well as the property of Canada transferred by the Governor in Council. The Authority is named in Part 2 of the Schedule Canada Marine Act and is exempt from income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Deferred financing cost

Deferred financing cost consists of various professional fees incurred to obtain long term financing. These costs are amortized over 152 months on the straight-line basis.

Property and equipment

Grants, including forgivable loans, towards capital projects received from Canada and from third parties are deducted from the cost of the related assets.

Depreciation is calculated on the straight-line basis for the full year, commencing with the year the asset becomes operational, using rates based on the estimated useful lives of the assets.

Dredging	40 years
Berthing structures	32, 38 and 40 years
Buildings	10, 37 and 40 years
Utilities	10, 19, 20, 29 and 30 years
Roads and surfaces	10, 20 and 30
Machinery and equipment	3, 5 and 10 years
Furniture and fixture	3 and 5 years

Revenue recognition

Revenue is recognized as the related services are provided.

Pension costs

All permanent employees of the Authority are covered by the Canadian Airports Council and Harbour Board pension plan. The funds are held in trust by AON in two (2) different plans (Defined Benefits and Defined Contribution).

One (1) employee is a member of the Defined Benefits plan for which the Authority is responsible to contribute 8.6% of the member pensionable earnings plus special monthly payments of \$759 until December 31st, 2011. These contributions represent the total pension obligations of the Port Authority for the pension plan and are charged to current operations. As of January 1, 2007, the Port Authority had an actuarial surplus of \$3,300 in its going concern financial position and an actuarial deficit of \$40,500 in its superannuation plan solvency financial position.

The remaining employees are members of the Defined Contributions plan for which the Authority contributions to this plan are limited to 5% of the member gross salary.

NOTES TO THE SUMMARIZED FINANCIAL STATEMENTS

For the Year Ended Dec. 31, 2006

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Employee benefits

The Authority accrues in its accounts, annually, the estimated liabilities for severance pay and annual leave, which are payable to its employees in subsequent years in accordance with its policy.

3. PROPERTY AND EQUIPMENT				2007	2006
	Cost	Accumulated Depreciation		Net Book Value	Net Book Value
Lands	\$ 7,941,134	\$ -		\$ 7,941,134	\$ 7,386,785
Dredging	7,107,308	2,516,645		4,590,663	4,768,346
Berthing Structures	25,608,969	9,760,078		15,848,891	16,431,644
Buildings	4,953,923	1,086,889		3,867,034	3,991,860
Utilities	5,884,687	2,766,647		3,118,040	3,341,876
Roads & Surfaces	2,914,006	2,244,490		669,516	869,101
Machinery & Equipment	337,067	213,283		123,784	128,014
Furniture & Fixtures	168,844	158,910		9,934	10,110
Projects under Construction	1,982,889	-		1,982,889	-
	\$ 56,898,827	\$ 18,746,942		\$ 38,151,885	\$ 36,927,736

4. LONG TERM DEBT		2007	2006
Trust notes, bearing interest at 7.535%, repayable in equal quarterly instalments of \$828,433 principal and interest, maturing in March 2013. The Authority has maintained the required debt covenants.		\$ 14,259,099	\$ 16,396,797
Loan from the Caisse populaire des Fondateurs, bearing interest at 7.5%, repayable in equal monthly instalments of \$23,072 principal and interest, maturing in 2009.		1,186,454	1,366,918
Equipment under capital lease.		-	3,091
		15,445,553	17,766,806
Less: current portion of long term debt		2,497,856	2,321,253
		\$ 12,947,697	\$ 15,445,553

Principal repayments in each of the next five years are due as follows:

2008	\$ 2,497,856
2009	2,691,479
2010	2,900,112
2011	3,125,016
2012	3,367,147
	\$ 14,581,610

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BELLEDUNE PORT AUTHORITY

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Destination

Distance (NM)

ARGENTIA (Canada)	513
BOSTON (USA)	876
NEW YORK (USA)	1083
BRUNSWICK (USA)	1552
JACKSONVILLE (USA)	1731
CALAIS (France)	2745
ROTTERDAM (Netherlands)	2861
VERA CRUZ (Mexico)	2885

Destination

Distance (NM)

HELSINKI (Finland)	3588
SUEZ (Egypt)	4749
KANDLA (India)	7620
BOMBAY/NHAVA SHEVA (India)	7710

Inland Distances to Market (Km)

MONTRÉAL (Canada)	800
TORONTO (Canada)	1350