



Project Overview
July 23, 2019

Alaska to Alberta Railway

Who we are:

- **The Alaska – Alberta Railway Development Corporation (A2A Rail) was established to build, own, and operate a new railway connecting the Alaska Railroad and Alaska’s tidewater, to northern Alberta (1,500 miles or 2,400 km). A2A Rail will provide critical infrastructure connecting North America to global markets through safe and efficient transport of commodities, containers, natural resources and people.**
- **A2A railway was co-founded by Sean McCoshen and David Sharpe and is wholly owned by Sean McCoshen, a seasoned entrepreneur with experience in infrastructure development. The project is structured to include indigenous Alaska Native Corporations, Alaska tribes, Canadian First Nations, and other Indigenous groups as owners.**

Vision:

Our vision is to be a privately owned and constructed general cargo railroad that improves connectivity, stimulates economic development for the U.S., Canada and First Peoples, and provides a reliable low carbon supply chain between North America and the world.

Mission:

- **It is our mission to design, build and operate a modern railway that links Alaska and Northern Canada. Working alongside all stakeholders, from First Peoples communities to local governments we will create a new gateway for trade, transportation and economic growth within and across our borders.**

Sean McCoshen, BA, LLB – Chairman & Founder



Mr. McCoshen is the Chairman and Founder of the Alaska – Alberta Railway Development Corporation. In addition, Sean serves as the Chief Executive Officer of the McCoshen Group. Sean graduated from the University of Western Ontario with a Bachelor of Law Degree, where he specialized in corporate and commercial law. After practicing in Winnipeg, Sean realized his affinity towards banking, leading to 18 years of private banking initiatives in which he worked in conjunction with a number of large American-based private equity firms, participating in \$35 billion U.S.D worth of financings until his retirement in 2007.

Established in 2012, the McCoshen Group is a family office that owns 11 privately held companies ranging from manufacturing to finance and has secured in excess of \$1 billion U.S.D in transactions and has an asset base of \$740 million U.S.D.

Mead Treadwell, BA, MBA – Chief Operating Officer



Mead was the 11th Lieutenant Governor of Alaska (2010-2014) and Chair of the U.S. Arctic Research Commission (2006-2010) under Presidents George W Bush and Barack Obama. In those positions, he helped develop and implement the U.S. Arctic policy adopted in 2009, expanded Asian observer participation in the Arctic Council, and funded and advanced the eight-nation Arctic Marine Shipping Assessment.

He chairs the satellite firm Iridium's Polar Advisory Board, co-chairs the Washington, D.C. based Woodrow Wilson Center's Polar Initiative, chairs the Iceland-based Arctic Circle's Mission Council on Shipping and Ports, and is a member of the International Advisory Board of the UK-based Polar Research and Policy Initiative. In addition, Mead served as the President of PT Capital, a Private Equity investor in Alaska, Canada, Greenland, and Iceland from 2014 to 2018.

Mead received his BA from Yale University and his MBA from Harvard Business School.

Robert Dove – Financing & Strategy



Mr. Dove was the head of the Carlyle infrastructure fund – a \$1.2 billion fund raised in 2007 to invest in transportation, energy and water projects in North America.

Prior to joining Carlyle, Mr. Dove had a career in banking before joining Bechtel Enterprises, the financing development and investment arm of Bechtel, the global engineering and construction company. At Bechtel Enterprises Mr. Dove served as a director of several infrastructure joint venture companies including Alterra, a joint venture with Changi (Singapore) that owned and operated airport concessions, International Water, a joint venture with Edison (Italy) that owned water concessions and Tube Lines Holdings, and a joint venture with Ferrovial (Spain) that was a public private partnership set up by the UK Government to provide capital as well as operational and maintenance service to three of the London Underground lines.

In addition, Mr. Dove has testified to the U.S. Congress and spoken at numerous conferences on the opportunities for private sector investment in U.S. infrastructure.

Mark Dockstator, LL.D. – Vice-Chair Canada

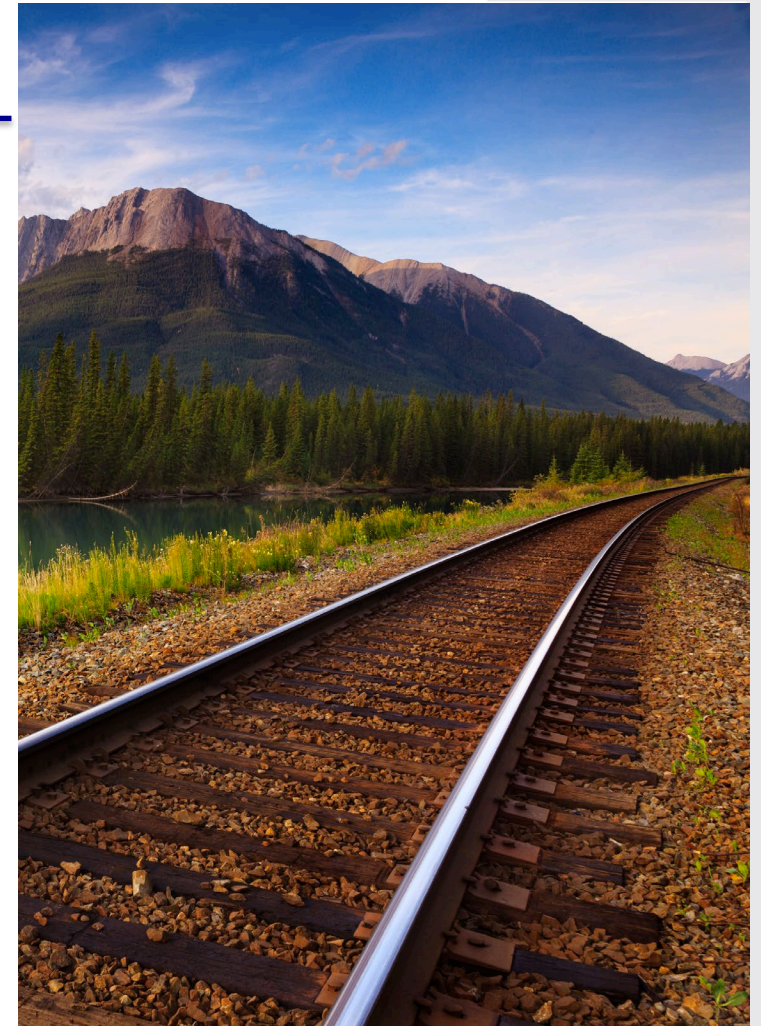


Dr. Mark S. Dockstator was appointed President of the First Nations University of Canada in July 2014. A member of the Oneida Nation of the Thames, he has been an Associate Professor, Indigenous Studies, at Trent University since 1997. In addition, Dr. Dockstator also served as Departmental Chair and Director of the PhD program. He received his Juris Doctor (J.D.) Degree from Osgoode Hall Law School, York University. In 1994, he was the first First Nations person to graduate with a doctorate in law.

Dr. Dockstator has served as founding Chairman of the First Nations' Statistical Institute, Senior Negotiator and Researcher for the Assembly of Manitoba Chiefs, President and CEO of Rama Economic Development Corporation, Special Advisor to the Royal Commission on Aboriginal People and Special Advisor to the Chief Commissioner of the Indian Land Claims Commission.

The Project

- The A2A Rail Development Corp. is developing a new rail corridor across the North connecting Alaska to the North American Railroad system. Key components of the general freight rail include:
 - Intersecting with the North American railroad system at Fort Nelson, BC, High Level, Alberta as well as Fort McMurray, Alberta
 - Transporting all forms of cargo both inbound and outbound
 - A connection with the existing Alaska Railroad system to deliver cargo to purpose built terminal facilities at ports located in Alaska, including the existing container Port of Alaska in Anchorage and Port Mackenzie, a bulk cargo port in the Mat-Su Borough.
- Builds on the work conducted by Alberta's Van Horne Institute in 2013



Alaska ports
are 3 - 5 days
shorter to
Asia than
ports farther
south

New rail is
2,440 km
(1,516 miles)





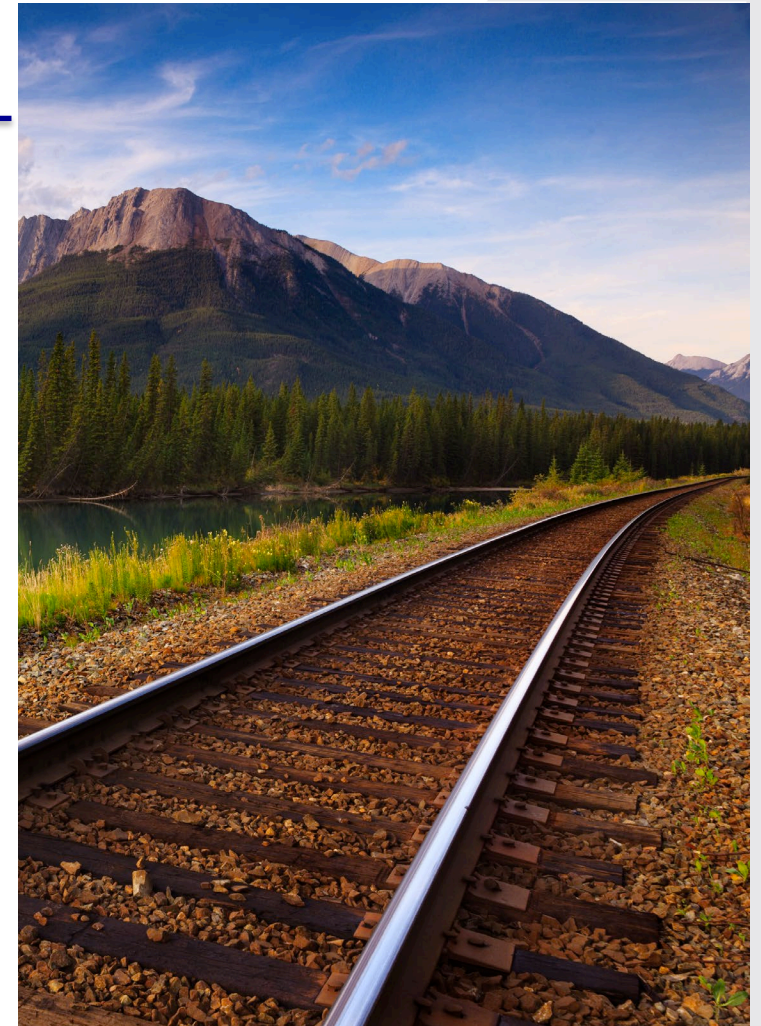
Design for Efficiency and Safety

- The project has been designed with an eye to reducing fuel consumption and improving safety
 - The grade will average less than 1%
 - The degree of curvature will not exceed 5%
 - This is considerably better than existing CP or CN lines
 - The project will focus on handling goods that are not hazardous



A2A Rail Management Resources and Financial Backing

- **The management team has retained advisors in all key aspects of project development**
 - Engineering – HDR
 - Environmental – HDR
 - Financial – Bridging Finance Inc; Robert Dove
 - Indigenous Engagement – Fogler Rubinoff LLP
 - Legal – Holland & Hart
 - Strategic advisors - Jack Ferguson, Mead Treadwell, Monte Solberg, Rick Anderson
- **The Principals behind A2A Rail have funded all development costs to date (\$60 million), own 100% of the equity and are prepared to fund construction of the rail spur (\$125 million)**



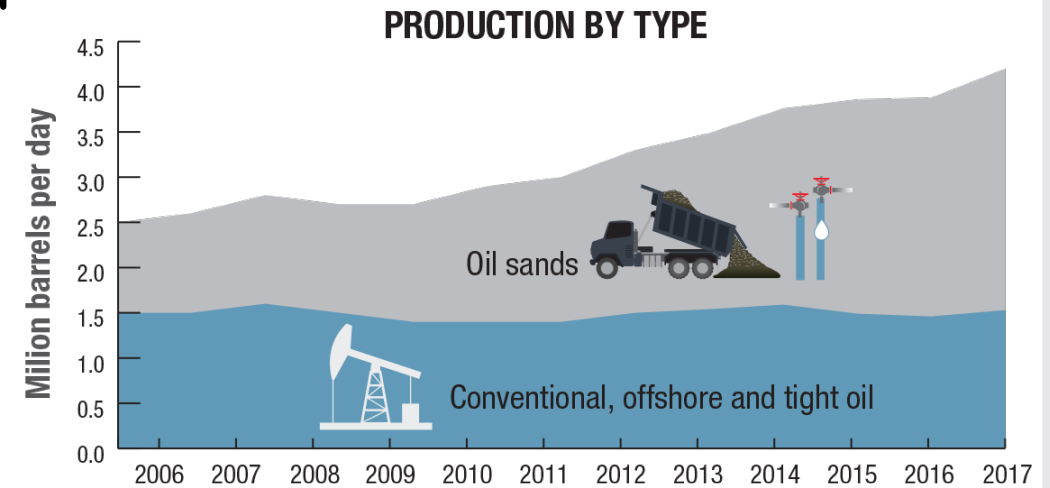
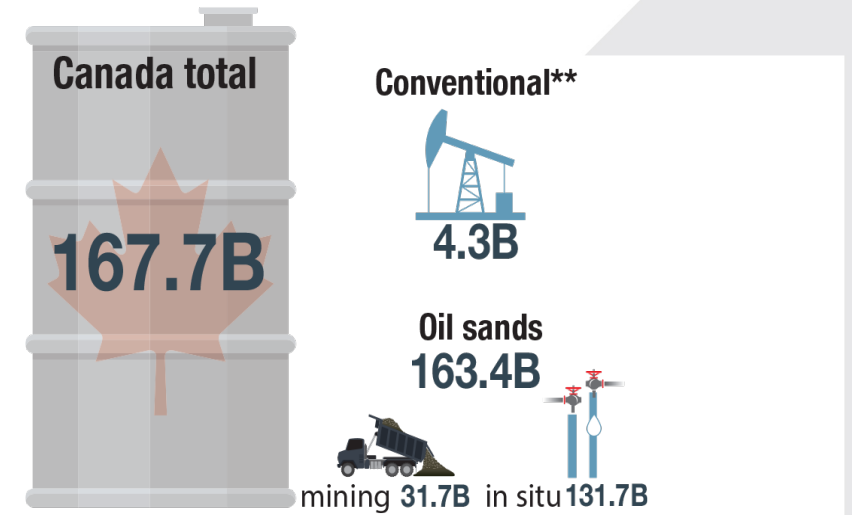
A2A Rail Financial Plan

- **The project cost is estimated to be approximately \$C17 billion, \$US3 billion or more will be spent in Alaska construction. Approximately \$C4 billion in steady-state revenues annually are projected to cover costs of operation and capital.**
- **Private financing, with some support from global sovereign backed infrastructure funding institutions, is expected.**

Diversify the Northern Economy

- **An opportune time in transportation industry.**
 - **West Coast Ports and rail lines face capacity issues**
 - **Many inefficiencies exist with populations crowding facilities**
 - **Increasing demand for resources in Asian markets**
- **The biggest challenge to developing the Northern economy is the availability of efficient, cost effective transportation.**
 - **It has been estimated that \$750 billion worth of mineral resources are within 100 miles of the rail corridor**
 - **Transportation alternatives will change the economics of many Northern enterprises**

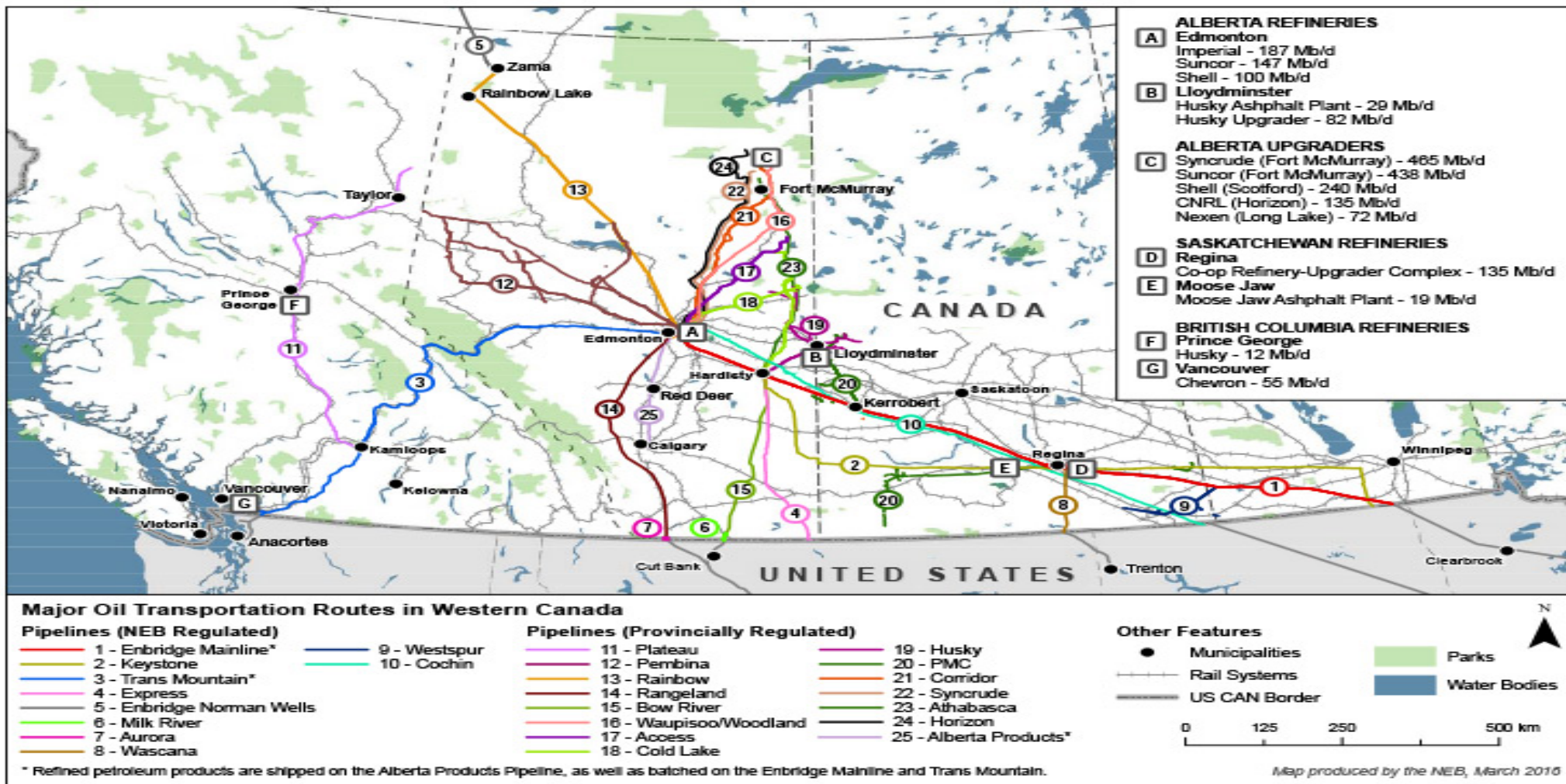
- Canada has total crude oil reserves of roughly 170 billion barrels (BBb):
 - 4.3 BBb of conventional oil;
 - 164 BBb of oil sands (bitumen); and
 - Ultimate potential of 329 BBb.
- Today, Canada produces roughly 4.4 MMb/d of crude oil (2.8 MMb/d of bitumen).
 - Alberta accounts for over 80% of crude oil production in Canada.
- Canada's production expected to grow to 7 MMb/d of crude oil (4.5 MMb/d of bitumen) by 2040 according to the National Energy Board (NEB).
 - Additional supply caused primarily by expected growth in the tar sands.
 - Some NEB predictions estimate as much as 9.1 MMb/d (5.4 MMb/d of bitumen).
 - All predictions assuming that infrastructure is built as needed to access markets.



Trade: Where does it go?

- Canada has a surplus in supply, significant net exporter of crude oil.
 - In 2017, Canada exported 3.3 MMb/d to U.S.
 - 99% of all Canadian crude oil and equivalent exports.
 - Single buyer like scenario creates risks for Canadian producers and exporters of crude oil/bitumen – and Canada wants to diversify their customer base to minimize this issue.
- In addition, infrastructure constraints reduce price of Canada's crude oil.
 - Currently, only 4.127 MMb/d of existing crude oil pipeline capacity exiting Western Canada.
 - Additional 370 Mb/d of crude oil pipeline capacity expected to come online in Q4/2019.
 - Over 200,000 Mb/d that cannot be moved by existing pipelines in the oil sands region.
 - By 2035, the gap between anticipated crude oil supplies and available pipeline capacity increases to 2.0 MMb/d.
 - Estimated railroad capacity of 1 MMb/d exiting Western Canada.
 - In 2017, only 131 Mb/d transported via rail (increase of 18% from 2016).
 - Q4 of 2018, peaked to an average of 340,483 Mb/d.

Trade: How does it move?



Trade: How does it move?

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© RAC, 2016
Source: Railroad Association of Canada – 2016 Report

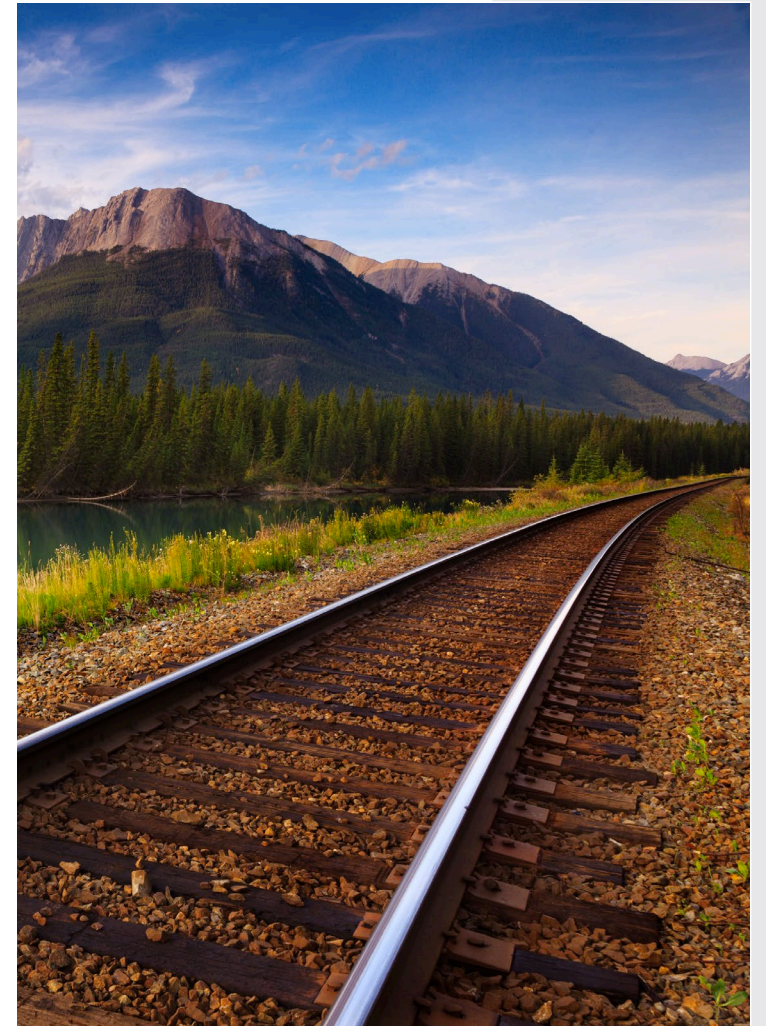
Social License

- **A2A understands that effective engagement with Alaska Native communities will improve the likelihood of robust regulatory approvals;**
- **A2A has been engaging with Alaskan Native Corporations, Canadian First Nations, and other Indigenous Communities for more than 3 years;**
- **A2A has achieved exclusivity and business agreements with most of the strategically located indigenous groups in both Alaska and Canada; and**
- **A2A has developed a business structure that allows for equity participation for Alaska Native entities and Canadian First Nations along the rail corridor.**

Master Agreement - Alaska Railroad

Master Agreement executed in July 2019

- **Agreement's Key Terms:**
 - Establishes framework to negotiate a series of agreements related to the Project;
 - A2A responsible to fund the Project, including the 460 Process and the permitting, construction, maintenance and operation of the new rail line;
 - Adopts procedures related to Project costs incurred by the parties; and
 - Identifies terms pursuant to which freight delivered onto ARRC's existing system will be transported to Alaska tidewater ports.





**END OF PRESENTATION •
THANK YOU**